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# FINANCIAL TIMES

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**LET THE GIN BE HIGH & DRY!**



Really Dry Gin

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## BUDGET SUMMARY

### 'Enterprise' aid for small businesses

**ENTERPRISE PACKAGE** including relief of capital gains tax, development land tax and small business concessions to cost £383m in full year.

**ENTERPRISE ZONES** to be set up in areas of economic decay. About six of up to 500 acres. Cost of tax exemptions, allowances and simpler procedures up to £35m.

**SMALL BUSINESS** receive concessions worth £160m in full year. Small companies' corporation tax cut from 42 to 40 per cent, with profits limit up from £80,000 to £70,000. Higher limit, above which full 52 per cent rate applies, up from £100,000 to £130,000.

**VENTURE CAPITAL** scheme will allow investment losses in unquoted trading companies to be offset against income from April 5. Costs of business loan finance to be allowable for tax relief also for pre-trading expenses.

**VAT REGISTRATION:** Threshold up from £10,000 to £13,500 from today. Tax deduction scheme for construction industry to be simplified and eased.

**DEMURGING** to be encouraged by measures to ease tax charge on asset distributions concerned with genuine splitting of of businesses.

**CAPITAL GAINS TAX:** Exemptions increased to first £3,000 of individual's gains from April 6, rest taxed at 30 per cent. First £1,500 of trust's gains to be exempt instead of £500.

### Moves on strike pay

**SUPPLEMENTARY BENEFIT:** Amount for strikers' families will assume strike pay receives £12 a week in strike pay or other means. In assessing need the full tax refund to unemployed strike will be taken into account instead of £4 a week as at present.

Unemployment benefit to be taxed from April 1, 1982. Benefits to strikers' families to be taxed from then. Scheme for employers to pay minimum level of sick pay to operate from same date.

Government considering how to bring remaining short-term benefits and invalidity benefit into income tax, at next uprating these will be increased by 5 per cent less than increase in prices.

Short term benefits to be on flat rate basis, with earnings related supplement withdrawn in 1982.

Child benefit up in November from £4 to £4.75 a week for each child, which will add £400m to public spending in full year.

Retirement pension up next November by £8.15 to £43.45 for couple and by £3.85 to £27.15 for single person, fully reflecting Government estimate rise in prices. A £10 Christmas bonus will be paid. Supplementary benefit up next November in line with projected price rises.

Additional payment to one-parent families up from £2.50 to £3 a week. Mobility allowance for disabled up by £2.50 a week to £14.50 next November. Family income supplement to be improved to extend help to further range of low income families.

**PRESCRIPTION CHARGES:** Up to £1 from December 1, compared with present 45p. Increase to 70p already planned.

### Excise duties up

**ALCOHOL DUTIES:** Up from today, adding about 2p to pint of beer, 8p to bottle of wine, and 50p to bottle of whisky.

**TOBACCO DUTY:** Increases to add 5p to packet of 20 cigarettes and nearly 4p on 25 cigarette pipe tobacco pack.

**PETROLEUM:** Prices up yesterday by equivalent of 10p a gallon. Rise in duty about 4p a gallon.

**INDUSTRIALISED OIL:** Up 0.5p a gallon to 8.5p.

**VEHICLE EXCISE DUTY:** Car licence up by £10 to £80 from today, with 20 per cent rise for lorries (30 per cent on heaviest).

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
Excheq. 121pe	85.2941 + 1	Royal Insurance	315 + 8
Alfred Breweries	75 + 3	Royal Worcester	250 + 8
Automotive Prods.	52 + 6	Whitbread A	143 + 7
BICC	111 + 5	BP	350 + 12
Centrovac	125 + 5	LASMO	452 + 12
Citrover	84 + 8	Slabens (UK)	580 + 20
Comb. Eng. Stores	38 + 3	Guthrie	875 + 30
Commercial Union	130 + 4	Inch Kinn: Kelang	235 + 12
Distillers	205 + 7	Geevor	210 + 10
Eagle Star	185 + 12		
Fairview Estates	243 + 11		
Grand Met	126 + 4	AB-Electronic	142 - 4
Highland Distilla.	126 + 4	Appleyard	33 - 4
Lloyds Bank	295 + 8	Legal and General	154 - 6
Newmark (Londn)	230 + 10	Utd. Newspapers	393 - 12
Peterson Zoobios A	245 + 15	Cons. Gold Fields	488 - 7
Pauls and Whites	131 + 6	Impala	260 - 10
Roxor	85 + 5	North Broken Hill	144 - 10
		Vaal Reefs	224 - 11

## Real burden of income tax to rise • short-term benefits to be taxed

# A new medium-term strategy

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

**THE REAL BURDEN** of income tax will rise and public spending will decline in line with the financial year, compared with the past 12 months, as a result of the measures announced yesterday by Sir Geoffrey Howe, the Chancellor of the Exchequer, in a two-hour Budget speech.

The Budget proposals form part of an entirely new medium-term financial strategy. This major innovation is intended to set short-run policy for the year ahead in the context of a published financial strategy over the four years to 1984.

The main theme of the speech and the first priority of the strategy is the need to secure a slowing in the rate of price inflation. This is to be achieved through a steady reduction of the rate of monetary growth, supported by plans for a cut in public spending and borrowing.

Sir Geoffrey stressed the view that restraint now would bring forward the day when sustainable economic growth was possible, while successful implementation of the strategy offered the prospect of lower interest rates in the future.

The tone and emphasis of the speech were markedly different from last June, when Sir Geoffrey presented his "opportunistic Budget" with its bold switch from direct to indirect taxation.

This time the stress is on "consolidation," a word which appeared a number of times in the speech. There are few risks; the broad

fiscal and monetary balance is cautious and very much in line with expectations.

Indeed the measures slightly reverse some of last year's switch in taxation, as taxpayers will pay slightly more on average in real inflation-adjusted terms in 1980-81 than in the current financial year.

The increase in customs and excise duties leaves indirect taxes more or less unchanged in real terms.

Sir Geoffrey's caution is underlined by the "poor short-term economic outlook" indicated by the Treasury forecasts, also published yesterday.

Total output as measured by real gross domestic product is expected to decline by 21 per cent this year compared with 1979, the largest post-war decline in a single year.

Unemployment is expected to rise by an unspecified amount, though the public-spending White Paper assumes a rise in the average adult total from 14m in 1979-80 to 1.6m in 1980-81 and 1.8m in 1981-82.

The rise in oil prices and big pay settlements are expected to mean that the 12-month rate of increase will be about 16 1/2 per cent in the fourth quarter of this year, compared with a forecast last November of a 14 per cent rate in late 1980.

The Budget itself is estimated to add about 1.1 per cent to the retail prices index, and the 12-month rate is likely to peak at more than 20 per cent in the second quarter of this year.

The forecasts state that "conditions of declining output and profit margins squeezed by international competition should be favourable to a comparatively rapid adjustment of pay expectations."

An unquantified slowing in pay rises is implied, and the 12-month rate of retail price inflation is projected to slow to 13 1/2 per cent by the middle of 1981.

The forecasts are believed to be slightly less pessimistic than initial projections from the Treasury computer, but are still pretty gloomy about the prospects, with a continuing large (£23bn) current account deficit assumed.

Consumer spending may rise slightly as households are expected to reduce their high savings in response to a small decline in real incomes.

In his speech Sir Geoffrey said that it should be easier, consistent with a given monetary target and maintenance of reasonable interest rates, to finance public-sector borrowing in a recession.

But the continuing high level of inflation means that a cut in public-sector borrowing both in current prices and as a percentage of national incomes is imperative.

The Budget measures have the direct effect of cutting borrowing by £810m to £84bn in 1980-81. This is 34 per cent of gross domestic product at market prices, compared with £2,100m or 44 per cent in 1979-80.

With £2,100m or 44 per cent in 1979-80, sale of public-sector assets, these have also been

THE INCOME TAX CHANGES			
Income	Old tax	New tax	Tax cut
£	£	£	£
Single persons			
5,000	1,172	1,087	25
10,000	2,612	2,587	25
15,000	4,588	4,344	244
25,000	9,721	9,256	465
Married couples			
5,000	917	856	61
10,000	2,417	2,355	62
15,000	4,299	4,017	279
25,000	9,364	8,833	531

a tightening in the underlying fiscal stance. This is necessary to achieve the target slowing in monetary growth without putting too much burden on interest rates.

The present monetary target for a 7 to 11 per cent annual rate of growth of sterling M3, the broadly defined money supply is to continue, but from a new base of mid-February 1980 to mid-April next year.

The monetary target is projected to decline from a current 7 to 11 per cent to 4 to 8 per cent in 1983-84. Public-sector borrowing is projected to fall from 4 1/2 per cent of gross domestic product in 1979-80 to 1 1/2 per cent in 1983-84.

These projections are based on the cautious assumption of only a 1 per cent annual growth in total output after 1980.

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## Public spending to be cut by average of 1% a year

## Pound up slightly

## markets quiet

BY DAVID MARSH

BY CHRISTINE MOIR

**THE GOVERNMENT** is proposing further spending cuts which will reduce public expenditure volume progressively over the next four fiscal years by around an average 1 per cent a year.

It aims to make further cuts in the new fiscal year beginning next month. These will reduce 1980-81 spending beyond the plans announced last November which aimed to stabilise spending in real terms at around the levels of 1979-80.

The proposed decline in spending, outlined in the Government's public expenditure White Paper, released yesterday, represents a substantial change from the plans of the Labour Government, which in January last year announced proposals for real increases in spending of around 2 per cent annually over the next five years.

Sir Geoffrey Howe, the Chancellor, said in yesterday's Budget speech that planned spending in 1980-81 would be reduced by a further £575m at current prices, after making allowance for an increase of

£325m in the contingency reserve to allow greater flexibility.

The public expenditure White Paper puts the reduction, after allowing for the contingency reserve rise, at £338m at 1979 survey prices. The difference between the two figures is accounted for mainly by expected changes in price levels between 1978-when the 1979 survey was carried out—and 1980-81.

Before taking account of the extra contingency reserve—to cover unforeseen additions to spending—Sir Geoffrey said the scale of net expenditure reductions in the coming year was over £900m, at current prices, broadly in line with expectations.

The main changes compared with the November programme affect housing spending, which has been cut by a further £378m.

The UK's net contribution to the EEC—the main area from which Ministers had earlier hoped for spending cuts—has been projected hardly changed in 1980-81 at around £1bn. The

White Paper says savings would be increased by the reduction in Britain's contribution now being negotiated.

Total public expenditure for 1980-81, after making allowance for horticulture and special sales of assets, is now put at £69,500m at 1979 survey prices, against £69,830m in last November's short White Paper.

This amounts to a reduction of 0.6 per cent in real terms compared with the estimated outturn for 1979-80 of £69,800m. Previously, spending had been planned to be essentially flat between the two years.

The Government is aiming for further real reductions in coming years, bringing the volume of spending in 1983-84 to 4 per cent below that for 1979-80. It says, however, that spending plans for later years can be expressed only in broad terms.

The White Paper projects rising spending on defence, law and order, health and social security over the medium term. Plans for industry, energy, trade and employment, housing, education and nationalised

industries borrowing have been substantially pruned.

Comparing his plans with those of the Labour Government, Sir Geoffrey said the reduction in spending in 1980-81 from the January, 1979 proposals came to over £5bn at today's prices. This was equivalent to the revenue that would be raised by an extra 7 per cent on the basic rate of income tax.

Expenditure in 1982-83, the last year covered by the previous government's plans, is estimated at nearly £69bn, in 1979 survey prices—below the figures given in January last year.

As part of the spending restraints, the Treasury also announced yesterday the supply estimates for 1980-81, containing most of the cash limits for central government spending next year. These make allowance for current cost increases of 14 per cent in 1980-81.

Sir Geoffrey said the difference between this and full provision for the higher inflation now forecast would be about £700m, which he said should be absorbed by greater efficiency in the public services.

**THE POUND** rose slightly as international markets began to take the measure of Sir Geoffrey's package. Against the dollar it finished with a 50-point gain to \$2.1960 and the Bank of England's trade-weighted currency index showed it standing at 72.9 compared with 72.7 on Tuesday.

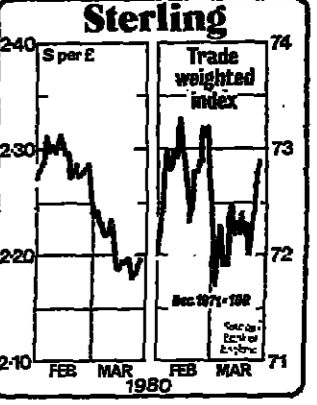
In the home markets reaction was more muted, partly because Sir Geoffrey did not finish speaking before the close of after-hours business at 5.30.

Equities had been generally firm ahead of his speech, with the FT Index at 3 pm up 4 points. Between then and the close, however, there was only an 0.2 point improvement to 435.1.

Falls in the pharmaceutical sector, following the rise in prescription charges, roughly cancelled out gains in oils, where dealers had been fearing a heavier imposition on petroleum revenue tax.

Gilt-edged were also quiet, closing at 2.38 on a firm but unbuffered note.

The market did not see the package as offering much



incentive for dealing on specific price movements but the small incentive given to investors by way of increased capital gains tax allowances was seen as a hopeful sign for future trading volume.

**£ in New York**

	Mar. 25	Previous
Spot	\$2.1915-1925	\$2.1895-1910
1 mth	0.0445-0.0455	0.02-0.02 prem
3 mth	0.53-0.55	0.50-0.52 prem
12 mth	0.45-0.55	0.50-0.50 prem

## Tories apprehensive about impact

BY RICHARD EVANS, LOBBY EDITOR

**CONSERVATIVE** MPs were relieved that neither public expenditure cuts nor tax increases were as great as many had feared. But they were deeply apprehensive last night about the impact the austere Budget could have on Government popularity.

There was particular concern at the decisions to restrict the autumn child benefit increase to below the rate of inflation and at the prescription charge increase to £1.

The Chancellor had been warned frequently by a group of backbenchers, against a wholesale onslaught on social security benefits as part of the campaign to cut public spending. There now seems certain to be a rebellion of younger Tory MPs during the Finance Bill.

But Sir Geoffrey Howe was given an appreciative reception at a special meeting of the party's finance committee last night, when he underlined his medium-term strategy for curbing inflation and reducing the Public Sector Borrowing Requirement.

There were no immediate protests at the meeting on child

benefits. But there was some criticism of the relatively low increases in drink and tobacco duties.

Mr. Terence Higgins, MP for Worthing, and other senior backbenchers queried whether the public expenditure cuts were sufficient to ensure early reduction in interest rates.

There was praise for the Chancellor's efforts to help small businesses and encourage the development of special enterprise zones.

The Chancellor's second Budget was in stark contrast to the optimism of his first last June. It could prove a watershed in this Parliament.

It brought home dramatically to MPs the difficult times ahead for the Government as it sticks to its economic strategy.

The Chancellor clearly tried to spread the burden as widely as possible. But, according to Labour leaders, he produced a Budget that would be savagely divisive.

Mr. James Callaghan, Opposition leader, categorised it the meanest and most hopeless Budget since the war. He singled out for attack failure to increase child benefits in line with inflation and the deliberate campaign against the trade unions.

He forecast massive resentment against the proposal to assume strikers are paid £12 a week by their unions, when the Government should be seeking union leaders' support to combat inflation.

Alan Pike writes: The Budget was totally condemned by trade union leaders. Mr. Len Murray, TUC general secretary, said its only incentive for working people would be to give massive support to the TUC's day of action against most of the cash limits for central government spending next year. "The Government was dividing the nation with old-fashioned deflationary policies."

Mr. David Barnett, chairman of the TUC economic committee and general secretary of the General and Municipal Workers' Union, said the Chancellor had done nothing to improve the economy, but had done a lot to worsen the position of the worst-off. "It is a nit-picking, anti-social, economically irrelevant Budget."

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# WHAT'S MADE TO KEEP THE PEACE ON THE FACTORY FLOOR?

TURN TO PAGE 31.

## EUROPEAN NEWS

## New Italian Government expected before Easter

BY RUPERT CORNWELL IN ROME

ITALY'S GOVERNMENT crisis, which helped force the postponement of next Monday's EEC summit in Brussels, is now all but over. A new administration, the 39th since the end of the war, is probably by Easter.

The possibility of an early solution turned into virtual certainty yesterday with a successful meeting between the ruling Christian Democrats and the Socialists. It sealed the conditions for the latter's return to government for the first time since 1974.

It, as also seemed likely last night, Sig. Francesco Cossiga, the Premier-designate, succeeded in drawing the smaller Republican party into a new coalition, his second government will command a comfortable majority, with 339 of the 630 parliamentary seats.

The government-to-be was being described yesterday as a bridging operation at least until this spring's important regional elections, and the series of Western industrial countries, which Italy is due to preside over between now and June.

The unexpectedly speedy resolution of the crisis, which formally began exactly a week ago with the resignation of Sig. Cossiga's first administration, substantiates hopes that the Community summit which must tackle the vital issue of budget contributions, can be



Sig. Cossiga: successful talks with Socialists

held by the end of April, as the UK is demanding and the Italians have promised.

Assuming that the tricky business of dividing ministerial posts between the parties, and the factions within them, can be speedily completed, Sig. Cossiga will be then free to continue efforts at mediation between EEC governments over the budget issue.

That the crisis has been more quickly resolved than any before it is due to the new will-

ingness of the Socialists to join a Government. It was their refusal to continue abstaining that brought about the fall of Sig. Cossiga's first administration which lasted just seven months.

This willingness in turn reflects not only a tacit compromise between the Socialists' Left and Right-wing factions, but various heavy outside pressures.

Foremost among them has been the insistence of President Sandro Pertini that a new Government be formed quickly so that Italy could carry out properly its heavy international responsibilities. At the same time, growing economic difficulties and renewed attacks by urban terrorists have further concentrated the politicians' minds.

A new Government is expected to be split almost equally between the Christian Democrats and their coalition partner (or partners) and the Socialists are likely to press for important ministries.

However, it has been achieved at the cost of an angry rupture between Christian Democrats and their traditional Social Democrat allies, this time excluded. Also friction between the two Socialist wings, over the key issue of relations with the powerful Communists, is likely to emerge again sooner or later and undermine a new Government's authority.

## Turkey resumes repatriation of profits

By Metin Munir in Ankara

The Turkish central bank has resumed the repatriation of the profits of foreign companies operating in the country.

Very few foreign ventures have been allowed to repatriate their profits from Turkey since 1977 when the country's severe balance of payments problems started.

For more than a year, no profit repatriation at all was permitted.

Although the central bank would not put a figure on the amount of profits awaiting transfer authorisation, they are understood to total about \$80m. Transfers will be made according to the date of application.

The Finance Ministry, which authorised the action, is believed to have been motivated by a desire to improve Turkey's relations with foreign companies operating in the country and to boost its international credibility.

This is in line with the Government's policy of promoting foreign capital investments in Turkey and improving the investment climate.

## U.S. and Norway in arms talks

By William Dullforce in Stockholm

NORWAY and the U.S. have completed preliminary studies on a plan to stock heavy equipment in Norway for American forces which would reinforce Norway in a crisis.

Talks on the idea, expected to begin in military staff level, but no date has been fixed.

NATO reinforcements for Norway are expected to total 10-15,000 troops, of which so far only one Canadian brigade, of 4,500 troops, has been sent.

The Soviet allegations had no basis, said Mr. Stoltenberg. Pre-stocking NATO equipment had been made necessary by improved Soviet defence forces in the area which gave them the ability to launch a surprise reinforcement from Norway.

Mr. Stoltenberg dismissed Soviet allegations that Norway had increased troop concentrations near the Soviet border after the Soviet invasion of Afghanistan.

Ankara Express, the combined NATO magazine in Norway earlier this month, had taken place 500 kilometres from the Soviet border and represented no departure from previous NATO exercises in Norway.

## Statoll reveals big new field

By Fay Gjerstad in Oslo

A NEW oilfield in Norway's sector of the North Sea probably contains 15n barrels of oil, worth around \$300n at today's prices. This was revealed by Statoll, the state oil company, at a news conference in Stavanger to present the company's annual report. The field, on "golden" block 34/10, will probably be declared commercial this year and could come on stream by 1986-87, the company said.

All the shares in the block are held by three Norwegian companies. Statoll has 85 per cent, Norsk Hydro 9 per cent and Saga Petroleum 6 per cent.

Meanwhile, Esso confirmed yesterday its intention to develop the small Odin gas field in Norway's sector. Statoll results, Page 30

Margaret van Hattem concludes her examination of the CAP

## The prospects for reform



FAULTING THE common agricultural policy is becoming so easy—in Britain it is turning into a favourite national pastime—that its good points are often overlooked. In its aims and principles it is a perfectly reasonable system which has become an integral part of European unity.

That the system is currently working against this unity by pushing EEC economies further apart is more than a little unfortunate. Perhaps it is time to shoot the pianist. Certainly the piano is badly in need of tuning. But the instrument itself is still sound.

Nearly all that is wrong with the CAP results from the fact that it operates mainly through the guaranteed price mechanism, which cannot solve all the problems currently heaped on it. Prices are too high—hence mounting surpluses and falling consumption—yet they are still not high enough to give small farmers an adequate income. Trying to help small farmers by increasing prices further is like jacking up a skyscraper instead of adding a top floor—the cost is enormous and the effect on the small farmers minimal.

The view from the top of the food mountains has long been of something gone badly wrong, and the need to put it right becomes more urgent as the EEC budget nears depletion and as Greece, Spain and Portugal clamour to bring their 5m farmers into the Community.

The strong resistance to putting this right is partly due to the powerful political and commercial interests vested in the present unwieldy system. There is also a tendency among those who attack the CAP to ignore some of its very real achievements. Under the CAP, Europe has gained:

• A single market for farm products, based on common prices, the EEC's first step towards economic union, which helps concentrate production in the more efficient, lower cost regions. (The "green money" system, introduced to hold national prices apart, frustrates this aim, but green and foreign exchange rates are gradually converging, drawing national prices closer.)

• Income support, which keeps thousands of small farmers out of business, making the Community even more dependent on imports for its food than it now is. (Livestock production already depends heavily on imported grain substitutes for animal feeds; crops need imported oil for petrochemical fertilisers.)

• Any acceptable reform of the CAP must take account of these factors. But any effective changes must also divert funds



away from price support, which helps mainly those who least need it, towards income support.

Everyone involved with the CAP has his own pet scheme for reforming it, ranging from the obviously cosmetic to the savage. Farmers favour those solutions which do not tamper with the price mechanism—consumer subsidies, cash incentives to produce less or, if they are pushed, production quotas. None of these could solve the problem.

Consumer subsidies, in order to align consumption with production, would have to be so big as to defeat the purpose of cutting farm spending.

Paying farmers to produce less does not work—it has been tried in the dairy sector where farmers are paid to kill their cows. The kind of solution is going to be presented to the EEC's politicians on a plate. The EEC budget is going to reach its upper limit either next year

or in 1982, and both Britain and Germany say they will refuse to pay in more.

Moreover, the acceptance of Greece, Spain and Portugal as EEC members could become impossible if the Community's financial house is not put in order first.

What, finally, has all this to do with the British budget contributions? Quite simply, the CAP is the British budget problem. Britain has so few farmers that the country can never hope to benefit from it significantly. Reduce the proportion of EEC money spent on the CAP and most of the problem is solved.

This, combined with the Budget hitting the ceiling, could be the element that finally forces governments to come to grips with the CAP. But all of them, even the UK Government, may be tempted to dodge the real issue, which is that prices are too high, so long as the EEC's books can be balanced. The cost to British and other EEC consumers of high food prices is much bigger than indicated on the EEC budget.

Any solution of the British problem—by adjusting the financial mechanism so that Britain pays less and increasing spending on energy, transport, and infrastructure projects so that it gets back more—and which does not at the same time cut farm prices in real terms, simply shifts the cost of the CAP from the taxpayer to the consumer. If the British Government opts for such a solution, it could be an opportunity missed for the entire Community.

## How the money is divided up

THE CAP is generally represented as a system of support for EEC farmers. But less than 5 per cent of the money goes directly to the farmer. The rest is paid to food processors, transporters, private storage companies and food traders.

Intervention buying: About a third of CAP money goes in buying up surpluses like butter and sugar from food processors.

The dairy farmer eventually receives from the manufacturer about 90 per cent of the price guaranteed on products made with his milk; the beef grower about 88 per cent of what is paid for sugar made with his beet. The rest goes to transporters and processors.

Storage: About 14 per cent of CAP money goes on storage costs, paid mainly to private companies. Most of the big surpluses are stored in West Germany—including 70 per cent of the butter mountain and 86 per cent of the skimmed milk powder surplus, together with large quantities of rye and beef.

Because storage costs are con-

verted from ECU into national currency at the "green" rate, and because the Danish is the most overvalued of all green currencies, storage is more expensive and more profitable in West Germany than in any other EEC country.

Export subsidies: Nearly half the CAP money is paid to traders to compensate them for selling at world prices, which may be as little as one-fifth of the EEC price. These subsidies are paid on butter, cereals, sugar, milk powder, beef, and also on their content in processed foods like cakes, confectionery and ice cream.

Manufacturers may receive a full subsidy on ingredients which they have bought for as little as a third of the EEC price: each year 130,000 tonnes or so of butter are sold off cheaply within the EEC to makers of cakes, biscuits and ice cream, but they still get the full export subsidy if they export these products.

The subsidies are fixed by Commission and national officials

at regular tenders and are often more generous than is indicated by world price levels, reflecting the Community's wish to offload a large amount of surplus food. Traders often speculate on these subsidies and can make large profits. If a sugar trader had applied last December, when the sugar rebate was £112 a tonne, for a rebate on a 50,000 tonne consignment which he did not sell until February, the world price had reached the EEC level, the Community would have paid him £5.6m to compensate for a non-existent loss.

A significant proportion of EEC farm price support, therefore, finds its way to the major food companies. They sell into intervention and buy back cheaply. They pick up storage reimbursements, food prices which did not sell until rebates and current subsidies on intra-Community trade.

It is all perfectly legal and, indeed, they would be foolish to ignore the money-making opportunities that the CAP offers.

## W. German investment optimism

BY JONATHAN CARR IN BONN

WEST GERMAN industrialists expect markedly lower rates of increase in production and sales this year and next after the buoyant results of 1979. But their investment expenditure will remain very strong for this year at least.

These are the main results of a survey of business planning in more than 350 representative companies carried out by the IFO economic research institute of Munich and released today.

The institute cautions that the main data was received in December, before the new oil price increase and the intensification of the Bundesbank's

restrictive policies. So the current business attitude may now be somewhat more pessimistic.

According to the survey, industrialists expect turnover to grow in nominal terms by 6 per cent this year and 5 per cent next, after 11 per cent in 1979. Overall production is expected to rise by 2.6 per cent both this year and next—exactly half last year's growth rate.

The production growth rate for the key capital goods sector will probably be below the average for all sectors, while the consumer durables industry will register above average production growth.

At first sight, one curious result of the test is that businessmen are continuing to budget for heavy investment expenditure, although they expect an economic downturn before long. Investment expenditure is likely to rise by 15 per cent in nominal terms this year, after 14 per cent in 1979.

The explanation appears to be that growth of capacity is becoming less important as an investment motive, while rationalisation, energy-saving and techniques based on micro-processors are becoming ever more important.

## Plan to boost power from coal

BY KEVIN DONE IN FRANKFURT

THE WEST German Government yesterday approved a major new coal supply agreement between domestic coal producers and the electricity supply industry, which will guarantee a growing captive market for the high-cost West German coal producers through to the final years of the century.

At the same time, the agreement will open the way to increasing coal sales to West Germany during the 1980s from low-cost producing countries, such as Poland, Australia and South Africa. In the past, coal imports have been strictly controlled in order to protect the domestic mining industry.

The new agreement will mean that the present levels of coal burned in West German power stations of 33m tonnes a year of domestically produced hard coal will be increased to more than 45m tonnes a year in 1980 and over 47.5m tonnes in 1995. The contract envisages that a total of 511m tonnes of home-produced hard coal will be burned in power stations over the next 15 years, the duration of the new agreement.

The pact between the coal producers and the electricity supply industry should help remove one of the major

obstacles to the development of a more coherent West German energy policy, although both industry and electricity producers have emphasised that a much larger nuclear component will still be needed if West German electricity/generating capacity is to be expanded quickly enough to meet expected rises in demand.

Dr. Dieter Wörzen, State Secretary at the Federal Economics Ministry, said yesterday that the contract would give both the coal and electricity industries the security needed for long-term planning. It will also ensure, however, that West German electricity users will have to continue to subsidise high cost domestic coal production through their electricity bills.

Consumers have been paying a price 4.5 per cent above the bills to take account of the price differential between heavy fuel oil and home-produced coal. This subsidy will be continued into the foreseeable future because of the further differ-

ential in costs between home produced and imported coal. West German hard coal costs DM 173 or more per tonne compared with import prices in Hamburg or Rotterdam of only around DM 100 per tonne.

At present hard coal accounts for about 25 per cent of public utility electricity production in West Germany compared with 30 per cent by brown coal, 30 per cent gas, 14 per cent nuclear energy, 5 per cent hydro power and 5 per cent oil.

The new contract should allow hard coal to hold this share in a rising market, but the electricity industry is still counting on nuclear power filling some 30 per cent of electricity demand by 1990.

Until now imported coal has been tightly restricted by the Federal Government, but the new pact will allow electricity producers to import coal for every two tonnes of home coal burned up to 1987 and then one tonne of imported coal for one tonne of home coal burned after that date.

## Statoll reveals big new field

By Fay Gjerstad in Oslo

A NEW oilfield in Norway's sector of the North Sea probably contains 15n barrels of oil, worth around \$300n at today's prices. This was revealed by Statoll, the state oil company, at a news conference in Stavanger to present the company's annual report. The field, on "golden" block 34/10, will probably be declared commercial this year and could come on stream by 1986-87, the company said.

All the shares in the block are held by three Norwegian companies. Statoll has 85 per cent, Norsk Hydro 9 per cent and Saga Petroleum 6 per cent.

Meanwhile, Esso confirmed yesterday its intention to develop the small Odin gas field in Norway's sector. Statoll results, Page 30

## Talks anger French Communists

BY DAVID WHITE IN PARIS

FURTHER SIGNS of a split between the French Communist Party and the rest of the European Communist movement have followed a meeting on Monday between Sig. Enrico Berlinguer, Italian party chief, and M. Francois Mitterrand, French Socialist leader.

Their "long and cordial" meeting in Strasbourg met a strong expression of disapproval from M. Georges Marchais, French Communist secretary-general.

Dropping his usual reference to his Italian counterpart as "my friend," M. Marchais said he had no objection in principle to such a meeting, but the time and place were ill-chosen.

The meeting coincided with the special session of the European Parliament, where a reactionary and Socialist majority is preparing to deal a new, hard blow to France's peasantry and agriculture.

M. Marchais last met Sig. Berlinguer in January, just after the Soviet invasion of Afghanistan.

The French party's pro-Moscow stance on Afghanistan has made it difficult to paper over the rift with the Italian and Spanish Communists, who were already dismayed by M.

Marchais' campaign against EEC integration, and Spanish entry into the Community.

M. Marchais has accused M. Mitterrand of joining a "gang of three" plot with the two government parties in a campaign against the Communists and M. Marchais.

Sig. Berlinguer, who also held talks recently with other European Socialist leaders, was

believed to have left his contact with M. Mitterrand until now out of deference to the French Communists.

He recently sent a message of support to M. Marchais in the controversy over M. Marchais' wartime and post-war activities. Before leaving Strasbourg, Sig. Berlinguer said he did not understand why his meeting with M. Mitterrand should be interpreted as a move against the French Communist party.

He expressed determination to continue contacts with other parties of the Left.

## Anthrax outbreak denied

MOSCOW — An influential weekly newspaper yesterday gave Soviet readers their first official account of last week's U.S.-Soviet row over germ warfare, but said the affair involved only foot-and-mouth disease.

The report, in Literaturnaya Gazeta, conflicted directly with government statements for foreign consumption, which said the disease was anthrax.

The U.S. State Department said a week ago it was concerned over intelligence reports

of an anthrax outbreak around the Urals city of Sverdlovsk, and suggested the disease might have spread from an accident involving banned germ warfare weapons.

The Soviet Union told an international conference in Geneva last Friday that the anthrax outbreak was natural, had nothing to do with germ warfare, and spread to humans because meat from diseased animals was sold as food. Reuter

## Swiss bank deputy chief to resign

By Peter Montagnon in Basle

PROFESSOR Leo Schuermann, Vice-President of the Swiss National Bank, is to resign to become general manager of the Swiss Broadcasting Corporation, it was announced yesterday after a Swiss Cabinet meeting in Bern.

His departure will leave a vacancy in the national bank's three-man directorate where he has special responsibility for the capital markets.

Prof. Schuermann, 63, a lawyer and politician, never felt entirely comfortable with his role as a central banker, although he had an acute awareness of domestic Swiss politics.

It was for this reason that in recent months he criticised the trend towards higher interest rates in Switzerland. He saw this as unpopular with the Swiss electorate, particularly because of its effect on mortgage rates, which are scheduled to rise on April 1 for the first time since 1975.

His new duties at the broadcasting corporation begin in March next year, though it is understood he could start earlier.

## Public Relations in England

Deutschsprachiger Berater mit Geschäftssitz in der Nähe der Börse, spezialisiert auf Finanz und Geschäfts-PR, bietet seine Dienste Firmen an, die in der Londoner Geschäftswelt besser bekannt werden möchten. Gesonderte Abteilungen befassen sich mit Industrie, Produkt- und Vertriebs-PR. Auch Anzeigenwerbung. Deutsches Werbematerial wird ins Englische übersetzt.

John Bretton, Financial Public Relations, 42/45 New Broad Street, London EC2M 1QY. Tel: 01-628 4554. Telex: 8811725.

BY JIMMY BURNS, RECENTLY IN THE ALENTEJO

WITH ITS FLAIR for well-orchestrated propaganda, the Portuguese Communist Party and the million-strong union it controls is involved this week in a series of partial strikes and stoppages in protest at the Government-sponsored break-up of collectivised land in this southern region of the Alentejo. Poetry, banners, and stirring anthems crackling through megaphones are contributing to the impression of an impassioned "week of struggle" against the "forces of reaction."

On one Communist-run collective farm, "The Fifth of

October," 53-year-old Francisco Espanhol is clear how he feels following one recent experience nearby. Groups of local paramilitary police, two officials from the Ministry of Agriculture, and an ex-landowner who preferred to remain nameless came and expelled 63 men, women and children from a large farm house. The man was then handed a piece of paper which made him the legal owner of the house, a few animals and machinery, and about 356 acres of land.

"All that has happened here is that I've been given back what was robbed from me in the first place," the landowner said. But Francisco Espanhol takes a different view. "All we want is work and peace. But if they go on doing this we shall

go hungry. Then we'll fight." The Fifth of October collective farm is named after the day in 1975 on which over 1,000 land-hungry peasants, caught up in the euphoria of the Portuguese Revolution, invaded one of the large estates then existing in south Portugal and declared it to be in "the hands of the people."

But since the approval of the Agrarian Reform Bill in the summer of 1977, this trend has been dramatically reversed. An estimated 550,000 of the 2.5m acres of land expropriated following the revolution have been divided into smaller and more productive units and handed back to private ownership. Portugal's present Government has handed back approximately

75,000 acres, and has promised to complete the process by handing back another 625,000 acres by next October's general election.

But one of the immediate practical consequences of agrarian reform has been unemployment. Private farmers are aiming to maximise profits through the use of machinery and fertilisers, and do not want to be overburdened with excess labour.

According to local farm unions, the active working population in the Alentejo has dropped in three years from nearly 72,000 to less than 55,000, and this number is falling all the time. The Ministry of Agriculture estimates that between 20,000 and 30,000 rural labourers will be in

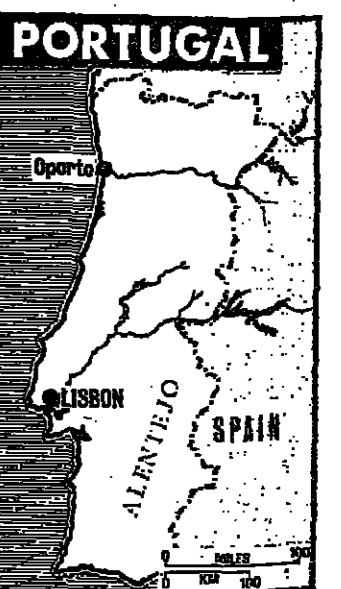
danger of being unemployed the pitch of left-wing opposition in the region.

The sheer frustration experienced by a growing number of landless peasants is finding its expression in more violent action. In recent weeks a number of wildcat strikes and demonstrations which have not been organised by the Communist-controlled farm unions have taken place.

Future stability in the Alentejo depends on the Government's ability to present a coherent policy of compensation for the farm workers who are in danger of being made redundant. The few cards which

Francisco Sa Carneiro, the Portuguese Prime Minister, can still play include a distribution of small plots of land among individual peasants, an ambi-

tious civil construction scheme, and support for the country's weak industrial sector. It is not going to be an easy task.



## OVERSEAS NEWS

## Double blow to hope for accord on Palestinians

By Roger Matthews in Cairo

EGYPT'S CHANCES of reaching an agreement on Palestinian autonomy by May 26, suffered a dual blow yesterday with the defeat of President Jimmy Carter in two Democratic primaries and the blunt refusal by Israel to accept even a temporary freeze on building new Jewish settlements in occupied Arab land.

Despite these setbacks Egypt is going into the next full round of autonomy negotiations in Alexandria today expressing the belief that the talks will prove a critical test of Israeli intentions.

Privately, senior Egyptian officials are deeply pessimistic about the likely outcome.

They fear the weight of the Jewish vote in New York which helped to give Senator Edward Kennedy a startling victory over President Carter may serve to strengthen Israel's resolve to stick to its present policies, and also to lessen the chances of the White House putting pressure on the Jerusalem government.

President Carter has invited President Anwar Sadat and Mr. Menachem Begin, Israel's Prime Minister, to Washington for separate talks about the results of which will be vital to the prospects of a more broadly based Middle East peace.

Mr. Sadat has already warned that he will reassess the whole situation if agreement on Palestinian autonomy is not reached by the May 26 deadline.

Mr. Sol Litowitz, the U.S. Middle East negotiator, had few words of cheer for Mr. Sadat when the two men met yesterday ahead of the Alexandria talks. Earlier this week in Jerusalem Mr. Litowitz reportedly failed to make any progress with the Israelis and was firmly rebuffed on the controversial settlements issue.

The very least the Egyptians demand from the negotiations today is Israeli agreement to set up a special committee to define its security requirements.

Dr. Mustapha Khalil, the Egyptian Premier who will be leading his country's team, says that Israel has repeatedly evaded issues by quoting security reasons but has never defined what it means by "security".

Dr. Khalil added that if the Israelis still refused to discuss security at Alexandria, this would be proof that they did not intend to meet the May 26 deadline.

President Sadat and Mr. Litowitz are to meet again on Friday or Saturday after the conclusion of the Alexandria talks.

David Lenzon adds from Tel Aviv: Mr. Ezer Weizman, Israel's outspoken Defence Minister, has hinted loudly that he may resign in May, and forecast that the Government would fall by the end of summer.

Apparently frustrated by the Government's stance in the autonomy talks, and angered by its settlement policy, the Minister told some Knesset (Parliament) members that the only thing he agrees with the Government about is the decision to build a new military aircraft, the Layla.

Knesset members quote Mr. Weizman as saying he would "return and resign" after a visit to the Pentagon in May to wrap up the Layla arrangements.

Politicians expressed doubt that he would resign, because he enjoys his job so much. They saw his outburst as an expression of pent-up frustration with the Cabinet's settlement decisions, and his growing isolation within the Herut Party.

## Iran reduces oil exports to 600,000-700,000 b/d

BY SIMON HENDERSON IN TEHRAN

IRANIAN oil exports have fallen to between 600,000 and 700,000 barrels a day (b/d) over the past three weeks, as confusion mounts over oil pricing policy, according to officials here. Iran's oil is now the most expensive in the Gulf, and this is discouraging customers.

Reduced Iranian output will not in itself hit consumers, but with Kuwait, Libya and Venezuela all cutting production from April 1, it will help to strengthen the oil market.

Contractual obligations are apparently being met, and since

these run at an average of 1.1m b/d, it is assumed that 1980 first-quarter sales have mostly been completed. Such customers as British Petroleum and Shell, and 12 Japanese companies, which together take about 800,000 b/d, would not necessarily feel the pinch on supplies, since their tankers load only every seven to 10 days.

Iran's official price of \$31 a barrel is effectively increased to \$32.50 because of a \$3 surcharge on 50 per cent of the volume. This high price is making contracts with Iran unattractive.

The crunch will come on April 1, when new contracts become effective and old ones are oilled over. Yesterday, Telexes were being sent out from the National Iranian Oil Company headquarters in Tehran inviting new customers.

It has been a guiding principle of all Iranian Governments since last year's revolution that exports must be cut back from the 5m b/d level of the Shah's regime, and the highest possible price must be obtained.

Production was initially cut back to 4m b/d, of which about

900,000 b/d was for domestic consumption. It has since dropped further, to an admitted level of 2.7m b/d and an actual level, according to official but unpublished figures, of about 2m b/d.

Central to the difficulties over pricing policy was a proposed further increase of the special surcharge. Mr. Ali Akbar Moinefar, the Oil Minister, said on March 17 that it might be increased from \$3 a barrel to \$4-5 a barrel.

An indication of internal arguments of whether this

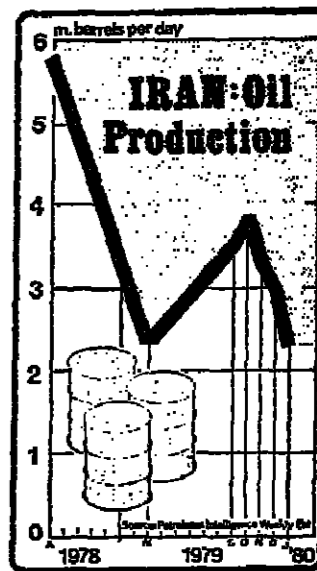
would price Iranian oil out of the market came during speeches on Petroleum Day in Tehran — the anniversary on March 20 of the oil industry's nationalisation in 1951.

Reference to the proposed increase was made in speeches both by Mr. Moinefar and by President Abol-Hassan Bani-Sadr, but on the evening's news programme, the President's remarks are said to have been edited out and Mr. Moinefar's were not screened. The issue is now said to be under debate in the ruling

Revolutionary Council.

Basic to the issue is the Iranian budget, which is 65 per cent dependent on oil revenue. If exports continue at present levels, only about a third of this will be obtained.

Confidence is still expressed within the industry that, given the customers, Iran can meet demand. With the onset of summer, domestic demand will drop because heating oil will no longer be needed. Persistent sabotage by Arab separatists has affected production only marginally.



## Expansionist South African budget pinned on private sector

BY BERNARD SIMON IN CAPE TOWN

IN A strongly expansionist, but conservatively financed budget, Mr. Owen Horwood, the South African Finance Minister, yesterday announced extensive tax reductions, higher food subsidies, and exchange control relaxations.

The concessions include the abolition of the 7.5 per cent import surcharge and the authority's readiness to allow early repayment by certain South African borrowers of their foreign loans.

The stimulatory budget, which has been widely wel-

comed comes after a relaxation of private banks' credit ceilings, announced by the Reserve Bank on Tuesday. Defence spending is to increase sharply.

Although business activity has been accelerating in recent months, Mr. Horwood said "it has not yet gathered adequate momentum." He disclosed that the economy's real growth rate was 3.75 per cent last year.

Sharply higher gold earnings have allowed Mr. Horwood to budget for a massive increase in gold mine tax payments in the coming fiscal year, the main

contributor to a 20 per cent increase in total government revenue. Mr. Horwood said the high gold price and earlier fiscal and monetary restraint had afforded South Africa "the kind of opportunity for sound economic expansion which comes along very rarely in the life of a nation."

Mr. Horwood's generous budget has been made possible by the contribution of gold to the balance of payments and government revenues. The current account surplus reached a record R3.1bn

(£1.73bn) last year, as against R1.5bn in 1978. Tax collections last year were 19 per cent higher than the estimates made last March. Basing his estimates on "conservative assumptions" on the course of the gold price, Mr. Horwood has nevertheless budgeted for a massive increase in gold mine revenues, from R855m in 1979-80 to R2.5bn this year.

A volatile money supply and high inflation are the main problems facing South Africa's economic policymakers. Mr. Horwood disclosed that the

money supply rose at an annual rate of 30 per cent in the second half of last year, as a result both of the strong balance of payments and domestic credit expansion.

None the less, the budget estimates appear to be based on a gold price well below current market levels. "I cannot emphasise strongly enough," Mr. Horwood said, "the need to guard against the danger of lapsing into a state of euphoria about the economy simply because the price of gold has risen to record heights in recent

months." Despite generous tax concessions, government spending is budgeted to rise by 14 per cent, the current inflation rate, during the coming year. Spending on black education will go up particularly fast.

The borrowing requirement for 1980-81 will be R2.2bn, a 33 per cent increase from last year. The deficit will be financed, however, almost entirely by domestic loan issues. Foreign loans are budgeted to raise only R100m as against R277m borrowed abroad in 1979-80.



Mr. Owen Horwood: a rare opportunity

## China to decide on jump jet

By Colina MacDougall in Shanghai

CHINA IS expected to make a decision this week on whether to buy the Harrier jump jet, trade officials claimed in Peking yesterday. Negotiations have made uneven progress in recent months, with China claiming British prices were too high. The Chinese have indicated they would now prefer to buy the European-manufactured Tornado, which is a multi-purpose combat aircraft. But there is little chance of the North Atlantic Treaty Organisation allies agreeing to this.

Mr. Francis Pym, the British Defence Secretary, yesterday held talks in Peking with Chairman Hua Guo-feng and Mr. Huang Hua, the Foreign Minister.

They did not discuss particular contracts, but Mr. Pym offered the Chinese the services of the Royal Air Force to train Chinese pilots. Talks between senior industry department officials and the Chinese Light Industry Ministry were encouraging, especially on prospects for joint ventures. This follows the announcement by Jardine Matheson and Schindler of a joint venture with the Chinese to modernise lift factories.

## Mugabe appeal to strikers

By Quentin Peel in Salisbury

THERE WAS a mixed response yesterday to the appeal by Mr. Robert Mugabe, the Rhodesian Prime Minister, for strikers to return to work.

Some 800 bus drivers in Bulawayo were still on strike yesterday morning as well as 1,500 textile workers in Gwelo.

The disputes are part of a wave of wildcat stoppages which have swept the country. Mr. Mugabe, his Ministers and senior party officials have all appealed to the workers to go back to work and press their demands for higher pay and better conditions through the existing industrial relations machinery.

## New Zealand 'can expect little growth'

BY DAVID WHITE IN PARIS

NEW ZEALAND can expect little economic growth this year, increased inflation, continuing high unemployment and a persistent balance-of-payments problem.

This is the outlook presented in the Organisation for Economic Co-operation and Development's latest report published today.

As long as there are no more sharp increases in oil prices, the economy may move on to a steadier course later in the year, it says, but weaker growth in other Western countries will hit New Zealand's export prospects.

Worsening terms of trade will probably wipe out any hope of improving on last year's NZ\$700m (£304m) deficit in its balance of payments current account — equivalent to about 3.5 per cent of gross domestic product.

Private investment is almost certain to be weak, the organisation says. Consumer price inflation is likely to rise to 16 per cent, from 14 per cent last year, and total wages are expected to increase by 16 or 17 per cent.

Inflation control is singled out as the first priority in the short term. But the organisation also urges the conservative National Party Government to do more to raise exports and increase competitiveness. It welcomes last year's removal of price controls, the devaluation of the dollar, and the Government's new flexible exchange rate policy.

Other countries could help New Zealand by allowing freer access to their markets, the organisation says.

Big development projects, including the Maui natural gas field, will provide substantial benefits and income growth in the future, but "they are not a substitute for the necessary structural changes in the New Zealand economy."

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## AMERICAN NEWS

Jurek Martin reports on the Senator's two primary victories over President Carter

## Kennedy gets message across to New York

SUCCESSIVE Democratic Party primaries and caucuses this year have boiled down to a simple referendum on first the character and second the policies of Senator Edward Kennedy. In 18 out of 19 contests, he lost, in many of them very badly.

But on Tuesday, in New York and Connecticut, both cosmopolitan states, the issue was not Chappaquiddick: it was the record and policies of President Jimmy Carter, and for the first time, Senator Kennedy got his message across.

He did it in style. In New York, where local polls a week before the election had put him as much as 30 points behind, he thumped the President by 58 per cent to 41 per cent, winning 164 convention delegates to Mr. Carter's 118. In Connecticut, the margin was smaller—47 per cent to 41 per cent and 29 delegates against 25—but no less impressive.

On the Republican side, the real winner again was Mr. Ronald Reagan. He did lose in Connecticut to the native son, Mr. George Bush, by 34 per cent to 38 per cent, with Mr. John

Anderson coming in with 22 per cent. But in the all-important delegate race, Mr. Bush's 15 Connecticut delegates to 14 for Mr. Reagan and six for Mr. Anderson, were a drop in the bucket compared with New York, where there was no Presidential preference primary but where the former Governor of California could end up with as many as 90 delegates, compared to half a dozen for Mr. Bush and just one for Mr. Anderson.

But it was where and how Mr. Kennedy won, in New York especially, that must give the President's strategists plenty of food for thought, both as they seek to combat a Kennedy recovery and, if they overcome that, as they look ahead to the general election campaign.

Mr. Kennedy crucified the President on the issues. He carried the New York Jewish vote by better than three to one, capitalising on discontent with Administration policies towards Israel, above all the recent UN vote.

The Senator also walloped the President in the cities and in most of the ethnic and reli-

DEMOCRATIC POPULAR VOTE	
New York primary	
Kennedy	574,190 (59%)
Carter	399,731 (41%)
(99 per cent of precincts reporting)	

Connecticut	
Kennedy	98,571 (47%)
Carter	87,106 (41%)
Brown	5,357 (3%)
(100 per cent of precincts reporting)	

gious communities in them. The black vote in New York was evenly divided. This can only be ascribed to soaring inflation and to the fact that Mr. Carter's suture remedies are perceived as falling heaviest on those least able to bear them. Trying to promise, as the Carter campaign did in New York, that a large chunk of Federal aid to the city would be exempt from the budgetary axe was simply not taken at face value.

Above all, Mr. Kennedy won

well because he was out there campaigning, with vigour and humour, while Mr. Carter remained closeted in the White House, discreetly lining up the support of local luminaries. Even allowing for the fact that New York is natural territory for a Kennedy (it sent his brother, Robert, to the U.S. Senate) and that New York City itself, much of it an ethnic hodgepodge of America's least privileged, has always possessed a strong liberal strain, there is no disguising that the Kennedy campaign, taking the lead from the candidate, has suddenly found true heart. A long-banked fire was ignited.

The question is whether the conflagration can spread. On the Senator's side, there now exists the indefinable quantity known as political momentum, which brings with it money. He can also point to the fact that he carried not only New York City, but much of the more conservative upstate area.

On the President's side lie the inexorable laws of electoral mathematics: his strategists still believe that, given the lead

REPUBLICAN POPULAR VOTE	
Connecticut	
Bush	70,070 (39%)
Reagan	61,333 (34%)
Anderson	40,481 (22%)
(All precincts reporting)	

In the delegate race he already possesses, Mr. Kennedy will have to win each subsequent primary and caucus by an average of at least 60 per cent to 65 per cent to take the nomination, by any standards a tall order.

In addition, there is clear antipathy to Mr. Kennedy in many of the states ahead. There is also the prospect that Mr. Carter can yet turn international events to his advantage.

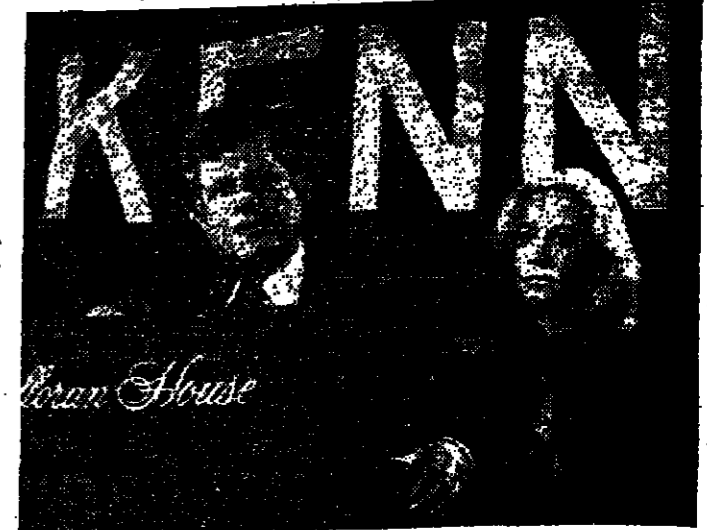
Next week, the primaries move to Wisconsin, a volatile state, and Kansas, where, if the caucuses in such midwestern states as Iowa and Oklahoma are any guide, Mr. Carter should do well. On Saturday week, the focus is on Louisiana, where the liberal tradition of New Orleans

tends to be outweighed by more conservative sentiments elsewhere.

But the next big battleground is Pennsylvania on April 22, in which Mr. Kennedy is bound to make a big effort. Mr. Carter's victory in the 1976 Pennsylvania primary over a crowded field gave him a big lift, but a two-horse contest against Mr. Kennedy would present a starker choice.

The prospect of an increasingly sharp Carter-Kennedy confrontation will not displease Mr. Reagan; nor will the latest murmurs from Mr. John Anderson that he may yet entertain running as a third party candidate in the general election. For Mr. Anderson, not to mention Mr. Bush, Wisconsin next Tuesday assumes great significance.

Republicans and independents may vote in the Wisconsin Democratic primary and vice versa. Mr. Anderson's hope was that disaffected Democrats would opt for him; but a live contest for the Democratic nomination may persuade voters to stay inside party lines.



Senator Edward Kennedy, with his wife Joan, greets supporters after his double victory

DELEGATES WON				
Democrats	NY	Conn	Won previously	Total
Carter	118	25	404	747
Kennedy	164	29	206	399
1,644 delegates needed for nomination				
Republicans	NY	Conn	Won previously	Total
Reagan	91	14	209	314
Bush	6	15	47	68
Anderson	1	6	38	45
Uncommitted	19	0	36	55
998 delegates needed for nomination				

## Administration accuses Ford of breaking wage guidelines

BY IAN HARGREAVES IN NEW YORK

THE CARTER Administration appeared yesterday to turn the screw a little tighter in its efforts to obtain support for its recently-adopted wage-price guidelines for the current year.

The Council on Wage and Price Stability, whose staff is being increased as part of President Carter's two-week-old anti-inflation package, yesterday formally listed the Ford Motor Company as being in violation of the guidelines in a three-year contract agreed with the United Autoworkers' Union last summer.

In a separate move, a senior Administration official took the unprecedented step of attacking a pay settlement before it had been ratified by the workers involved.

The official described as "bad for the country" the deal at present being considered by 70,000 oil refinery workers, who have been on national strike for 12 weeks.

The two-year contract appears

to offer pay increases each year of around 10 per cent, against the Administration's voluntary guideline of 7.5-9 per cent. The President has said he hopes most settlements will focus around 8 per cent.

Yesterday's listing of Ford, along with four small construction companies, takes to 20 the list of those officially in violation of the guidelines.

The Federal Office of Procurement has the power to disqualify these companies from Federal contracts in excess of \$5m.

So far, this power has not been used and, given the general concern in Washington about the health of the U.S. motor industry, it would be astonishing if it were used against Ford. The No. 3 motor company could be seriously hurt by such a move, especially in its profitable aerospace division.

At this stage, the Administration's actions seem to imply merely an attempt to raise

public awareness of the guidelines in advance of key industrial settlements this year in the metals, construction, telecommunications and transport industries.

In attacking the oil workers' deal, the Administration made it clear it remains prepared to take a permissive line so long as companies guarantee that the costs of any wage settlement above the guidelines will not be passed on in prices.

That formula was successfully employed last year to avoid listing General Motors, after its deal with the United Autoworkers, which was similar to the Ford contract.

Another important consideration for the Administration is its relations with the labour movement in an election year. Mr. Lane Kirkland, head of the AFL-CIO, the country's federation of trade unions, has attacked the President's anti-inflation package as "harmful to labour interests."

## Jamaica 'will not repudiate foreign debts'

KINGSTON — Jamaica will not meet the requirements of an International Monetary Fund loan, but has no intention of repudiating its foreign debts, Mr. Michael Manley, Prime Minister, told parliament here yesterday.

Mr. Manley said the Government would renegotiate and reschedule its debts, he added.

On Monday, the Cabinet endorsed a decision by the executive council of the ruling People's National Party to discontinue efforts to work out a waiver of IMF loan conditions.

The decision meant Jamaica would not try to qualify for its next \$30m loan approved two years ago. But Jamaica is to remain a member of the IMF.

IMF officials blocked the \$30m in an attempt to stabilise Jamaica's struggling economy. The IMF wanted Jamaica to reduce its Budget expenditures by \$22m. Latest figures show Jamaica's total foreign debt at \$2bn.

## Boeing wins big cruise missile order

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Air Force has chosen Boeing Corporation over General Dynamics as the prime contractor to build Cruise missiles to be carried by American B-52 bombers in the 1980s.

The selection was a significant commercial coup for the Seattle-based Boeing Company, offsetting the earlier award to General Dynamics of the main contract to build the sea- and ground-launched versions.

Calling yesterday's decision

"a significant milestone in the development of U.S. strategic deterrent forces," Mr. Hans Mark, the Air Force Secretary, said the total value of the production run of over 3,000 air-launched cruise missiles (ALCMs) was around \$4bn.

Of this, Boeing could be expected to get between \$1bn-\$2bn of business directly, depending on how much it chose to subcontract to other companies.

Pentagon officials said that

under the contract Boeing could make up to 9 per cent profit on the contract, though this depends on the company's management of costs.

In the first year, Boeing is to make some 225 cruise missiles, worth \$141m. After that, the Defence Department will review the programme and could decide to ward some of the future work to General Dynamics.

Mr. Mark said the cruise mis-

sile represents the first introduction for a long time of a new technology in the development of strategic nuclear weapons. He was referring to the complex electronic guidance systems Boeing won the competition over GD, the Air Force Secretary said, because its prototype had a better guidance system, was better adapted to follow terrain at low level, and could be better maintained.

## Congress acts quickly on financial reform

BY STEWART FLEMING IN NEW YORK

THE MOST far-reaching reform of the U.S. financial system since the 1930s, the Depository Institutions Deregulation and Monetary Control Bill, is moving rapidly through Congress this week.

On Tuesday the Rules Committee of the House of Representatives passed the Bill to be sent to the floor of the House, which is expected to approve it this week.

Assuming an affirmative House vote, the Bill is expected to come before the full Senate today.

Some of the major provisions of the Bill include the extension of reserve requirements to transactions accounts at all depository institutions and a major reduction in the reserve requirements which large banks who are members of the Federal Reserve must maintain

with the central bank. This is aimed in part at halting the exodus of banks from the Federal Reserve system.

The Bill also proposes a major expansion of the powers of thrift institutions—to permit them to offer consumer loans, for example—and in effect to become more like banks.

The Bill also provides for the Federal Government to set

usury ceilings in many circumstances and thus to override state laws which lay down what level of interest a lender can charge on certain types of loan.

In essence the Bill holds out the prospect of a fundamental adjustment of the U.S. financial system, which is needed in part because of the impact of high inflation on financial institutions.

## Service to the Austrian Economy

Data of the balance sheet 1979

Balance sheet total 5.912 Mio. US-\$ +20.7%

1978 4.916 Mio. US-\$

Total deposits 5.208 Mio. US-\$ +14.7%

1978 4.541 Mio. US-\$

Capital and reserves 103 Mio. US-\$ +9.5%

1978 94 Mio. US-\$

Deposits with other banks 1.898 Mio. US-\$ +27.0%

1978 1.494 Mio. US-\$

Securities and treasury bills 1.264 Mio. US-\$ +3.8%

1978 1.165 Mio. US-\$

Total loans 2.022 Mio. US-\$ +25.7%

1978 1.608 Mio. US-\$

Total liquidity 57.1%

1978 65.5%

GZB-Vienna  
GENOSSENSCHAFT  
ZENTRALBANK



## BOND DRAWINGS

ENTE NAZIONALE PER L'ENERGIA ELETTRICA (E.N.E.L.)  
7 1/2% 1971/1986 ECU 60,000,000.— Loan  
Bonds for the amount of ECU 4,100,000 have been drawn on March 12, 1980, in pursuance of a Notice to Public of March 1st, 1980.  
The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at:  
41157 up to 46401 incl.  
They are redeemable, coupon due May 1st, 1981, and following attached as from May 1st, 1980.  
Amount purchased in the market: ECU 1,400,000.—  
Amount unamortized: ECU 32,500,000.—  
Outstanding drawn Bonds:  
12324 and 12325  
17119 to 17128 incl.  
19530 to 19532 incl.  
20094 and 20095  
35908  
35909 and 35910 incl.  
35926 to 35934 incl.  
35935 and 35936 incl.  
35953 to 35957 incl.  
35993 to 35996 incl.  
14795  
17126 and 17128  
19533 to 19539 incl.  
20096 to 20097 incl.  
35923 to 35932 incl.  
35937 to 35978 incl.  
35979  
35981  
35986 to 35987 incl.  
35988 to 35989 incl.  
40002 to 40008 incl.  
Luxembourg, March 27, 1980.  
THE FISCAL AGENT  
K. S. D. E. F. & A. N. K.  
S.A. Luxembourg

## LEGAL NOTICE

THE COMPANIES ACTS 1948 to 1987  
COUNTRYPARTY SOCIETY CLUB  
DISCOUNT LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 28th day of April 1980, to send their names and addresses, and the particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned  
K. D. GOODMAN, Liquidator,  
London W1A 3BA  
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.  
Dated this 17th day of March 1980.  
K. D. GOODMAN, Liquidator.

IN THE MATTER OF  
REPRODUCTION COLOUR WORLD  
LIMITED  
AND IN THE MATTER OF  
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 30th day of April, 1980, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned  
BRIAN MILLS of  
BOOTH WHITE and CO.,  
the joint Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.  
Dated this 4th day of March, 1980.  
BRIAN MILLS,  
MALCOLM BARRY HARRIS,  
Liquidators.

SULKIN & FALK LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 283 of the Companies Act, 1948, that a Meeting of the creditors of the above named Company will be held at the office of  
LEONARD CURTIS & CO.,  
situated at  
24, Bedford Street,  
London W1A 3BA,  
on Wednesday the 2nd day of April 1980 at 12 o'clock midday, for the purpose provided for in Sections 284 and 285.  
Dated the 14th day of March 1980.  
M. FALK, Director

INVESTIGATION BY THE  
MONOPOLIES AND MERGERS  
COMMISSION  
PROPOSED ACQUISITION OF  
HIGHLAND DISTILLERS CO. LTD.  
BY HIRAM WALKER-GOODHAM  
& SONS LIMITED

On 25 January 1980, Mr. John Mott, Secretary of State for Trade, referred to the Investigation and Report under the provisions of the Trade Act, 1973, the proposed acquisition of Highland Distillers Co. Ltd. by Hiram Walker-Goodham & Sons Limited. The Commission is required to make its report by 24th July 1980.  
Any person or organisation wishing to give information or views on this proposed acquisition should write as soon as possible to:  
The Secretary,  
Monopolies & Mergers Commission,  
24, Carver Street,  
London WC2A 2JT.  
HIGHLAND DISTILLERS CO. LTD.  
24 Carver Street, London WC2A 2JT.  
No other outstanding.

## Mission to 'sell' Barbados as offshore bank centre

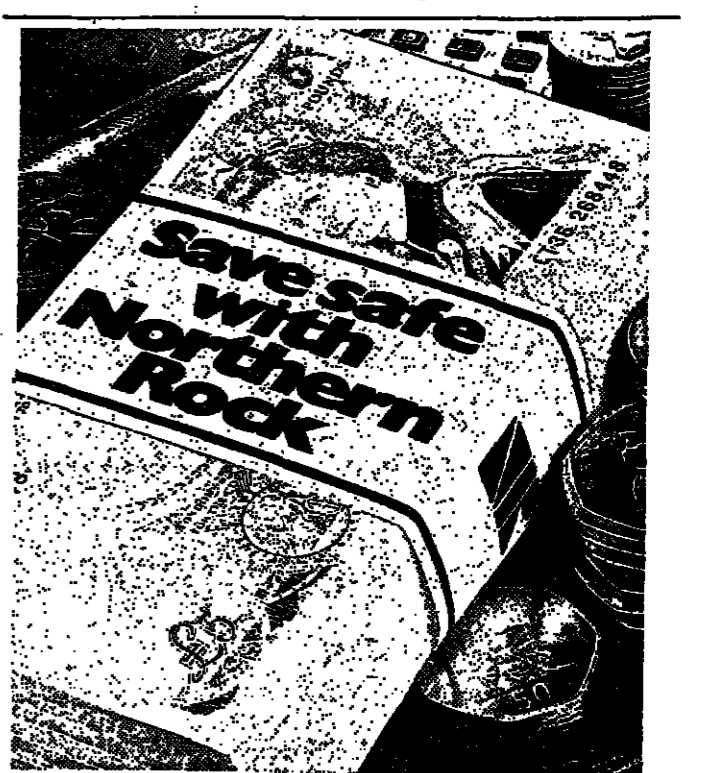
BY TONY COZIER IN BRIDGETOWN

THE Prime Minister and Minister of Finance of Barbados, Mr. J. M. C. "Tom" Adams, will head a mission to begin on April 19, to introduce his island overseas as an offshore banking centre.

The mission, consisting of Mr. Adams, Dr. Courtney Blackman, Governor of the Central Bank of Barbados, Mr. Winston Cox, deputy chief of research at the central bank, and Mrs. Yolande Bannister, Chief Parliamentary Counsel, will visit London, Frankfurt, Toronto and New York before returning to Bar-

bados on May 3. The team will hold talks with officials of banks and other institutions, and also meet influential financiers, lawyers and accountants with special interest in offshore banking.

Legislation has already been passed by the Barbados Parliament, and Mr. Adams has stressed that his Government intends to attract to Barbados only legitimate institutions. The Government expects appreciable gains in employment from the move into offshore banking.



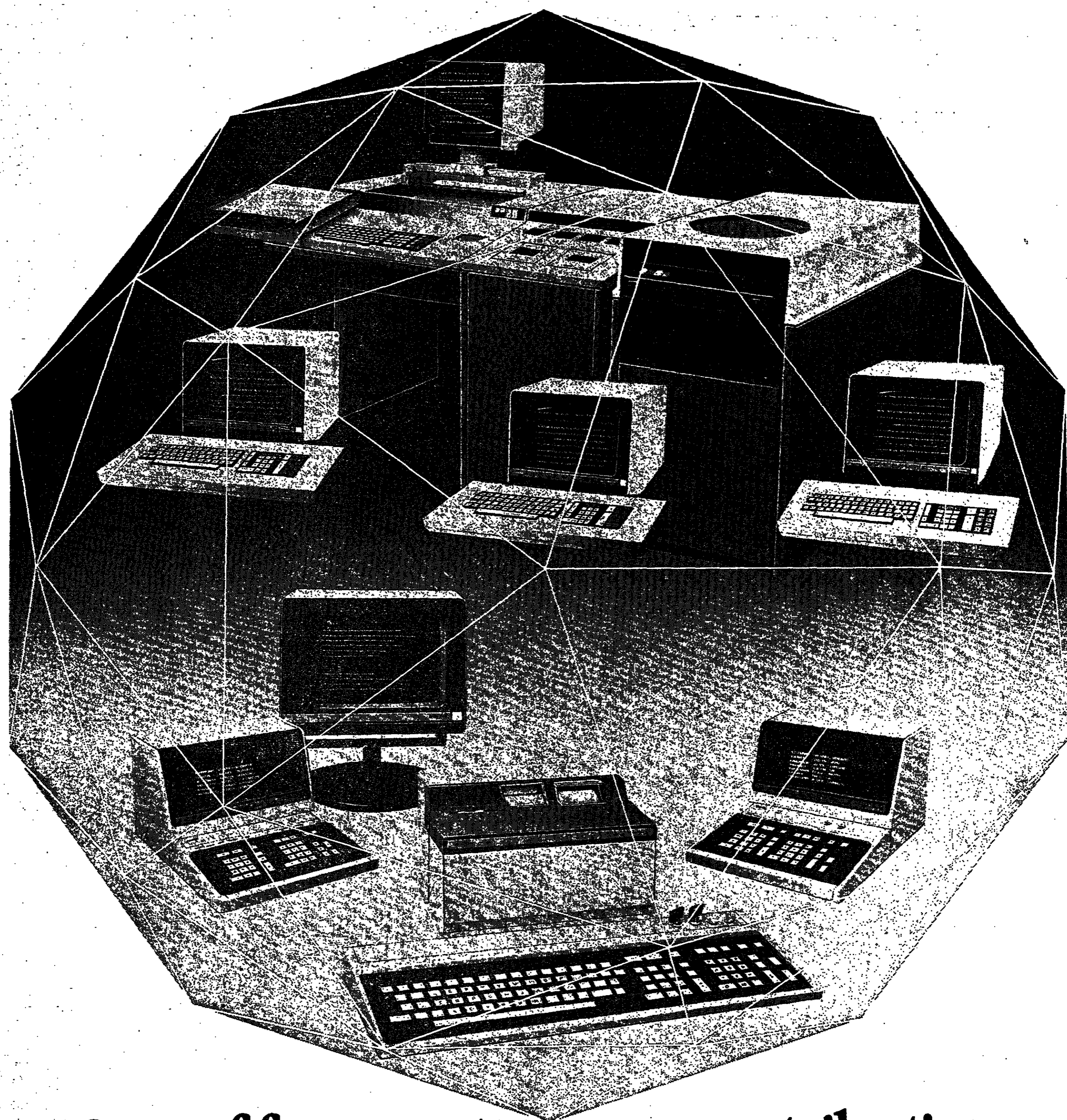
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City of London Office: Stonehouse, 128/140 Bishopsgate, EC2M 4BX. (01 247 6861)  
Scottish Office: 27 Castle Street, Edinburgh EH2 3DN. (031 2263401)

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# PHILIPS

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## WORLD TRADE NEWS

## Radar hitch in Dassault development

By Terry Dodsworth in Paris

THE NEW Dassault 2000 combat aircraft, designed to become the spearhead of France's aerial defence and military export drive in the 1980s, has run into serious development problems on its radar systems.

These difficulties, confirmed by the French military authorities, mean that the aircraft will have to be delivered to the French air force in 1983 carrying only traditional radar devices.

The more advanced systems, considered essential by military experts and designed to detect low-level aircraft much more accurately than previously possible, will now not be fitted until 1985.

Other problems on the development of the 2000, notably with its engine and certain elements of its streamlining, appear to have been overcome. But there is little doubt that the delays on the radar front could still affect the aircraft's reputation overseas and thus exports, a field in which Dassault has been France's star performer in recent years.

It is partly because of the 2000's export potential, where it is designed to take over from the highly successful Mirage F1, that the French air force is to take the aircraft without the new radar systems. Foreign orders, it is felt, will be easier to win once the aircraft is seen to be flying with the French colours.

On present plans, first deliveries of the 2000 to export markets could be made in 1984, although no orders have yet been taken and the French are not hopeful of winning any this year.

The main possibilities appear to be in the Middle East and Latin America.

## Sharp decline in Soviet deficit with West

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION in 1979 significantly improved its terms of trade with the West on the strength of the higher world prices it charges its Western customers for oil and gas. The Soviet deficit with the West was cut to Roubles 700m (£483m) from Roubles 2.3bn (£1.59bn) in 1978.

In a report on the last set of annual trade figures to be issued before the announcement of U.S. economic sanctions the Soviet newspaper Ekonomicheskaya Gazeta also said that the West's share in Soviet foreign trade increased in 1979 to 32 per cent from 28 per cent in 1978.

The combination of a sharp

rise in the value of Soviet exports, which sharply reduced the Soviet deficit with the West and the increase in trade turnover with the West would have signalled good prospects for East-West trade in the 1980s were it not for the political crisis over Afghanistan.

As matters stand, however, there have been reports of problems in Soviet industry because of the development of spare parts shortages for sophisticated U.S. construction and computer equipment. The new uncertainty in East-West trade is also expected to complicate and slow down the formulation of the new 1981-85

Soviet five year plan. Ekonomicheskaya Gazeta reported that in 1979, Soviet foreign trade overall grew 14 per cent to reach Roubles 80.3bn compared with Roubles 70.2bn in 1978. The Western share of Soviet Trade, which reached a Roubles 25.7bn against Roubles 19.7bn in 1978, increased at the expense of the socialist countries whose share of Soviet trade dropped to 56 per cent from 60 per cent in 1978.

The growth of Soviet trade with the West was largely the result of a sharp rise in the value of Soviet exports to the West which totalled Roubles 12.5bn compared with Roubles

8.7bn in 1978. More than half of the volume of Soviet exports was accounted for by deliveries of energy products.

Soviet imports of Western products—principally machinery and equipment—also rose but less sharply. The newspaper reported that these imports reached Roubles 13.2bn, a 20 per cent increase over the 1978 total of Roubles 11.1bn. The deficit with the West of Roubles 700m was the lowest in at least the last five years.

As in past years, the reduction in Soviet deficit trade with the West was backed up by large surpluses with the Socialist countries and the Third World.

## UK 'fails to compete' in Eastern Europe

FINANCIAL TIMES REPORTER

A REVIEW to be published shortly by the London Chamber of Commerce and Industry on the UK's trading performance with East European countries discloses evidence that, in this area, British industry is failing to compete seriously with its main rivals.

The review shows that in 1979 the only countries to

register an increase of more than 3 or 4 per cent in UK exports, compared with 1978, were the German Democratic Republic and Yugoslavia. However, UK imports from all countries except Bulgaria showed an increase, and thus the UK's deficits with the USSR, GDR and Czechoslovakia all grew while the trade surplus the UK enjoyed with

Poland, Hungary, Bulgaria and Romania fell.

This depressing picture, states the Chamber, is hardly encouraged by the fact that only a few major business projects have been won by British companies in Eastern Europe in the last year. In contrast, Britain's major competitors, including West Germany,

France, Italy and the U.S., managed again to outsell comfortably the UK in most of the East European markets.

Against this background, the London Chamber is attempting to boost interest in this potentially lucrative area through a series of major trade promotions and conferences to take place throughout the year.

## India, Russia in barter deal

By D. P. Kumar in New Delhi

INDIA WILL supply 500,000 tonnes of rice, worth about Rs 1.2bn (£87m), in exchange for Soviet crude and high speed diesel oil. The rice shipments are due to begin in June and end in December. The rice supply is intended to meet the food shortages in the Soviet Union following a bad crop this year.

Last year, India entered into a barter deal with the Soviet Union for supplying 200,000 tonnes of rice in exchange for crude.

## Siemens micro plant for Hungary

BY ROGER BOYES IN BONN

SIEMENS, the West German electrical group, is to set up a joint venture with Hungary to produce electronic components—a move which should give East Europe access to much-needed knowhow in microelectronics.

The joint venture—Hungary is to have a 51 per cent stake—provides for the setting up of a plant in Szombathely which will produce so-called passive components, that is, more basic products such as condensers

rather than more sophisticated microprocessor systems. Production is due to start next year. Although Siemens has been active in Hungary since 1974, the move represents the group's first joint venture with Eastern Europe in this field. It follows, however, a number of other recent steps to secure direct production of electronic components abroad.

Siemens recently set up a 50-50 joint venture with Fuji Electric to produce components.

Part of the production from the Hungarian plant will be

exported to West Germany and part will serve Hungary's domestic needs. But the company made it clear yesterday that a significant part of the output could also be expected to be exported to other East European countries.

Eastern Europe has generally lagged behind the West in most areas of microelectronics. One of the problems for the East Europeans has been how to accommodate in their often rather rigid industrial structures something as revolutionary as a microprocessor.

## Schindler signs joint venture deal with China

By Tony Walker in Peking

SCHINDLER HOLDING, the Swiss lift manufacturer, and its Hong Kong marketing arm, Jardine Schindler, have signed what is claimed to be the first joint venture agreement in medium and heavy industry with China.

Under the terms of the agreement, China Construction Machinery Corporation and the two foreign companies will jointly manufacture lift and escalator equipment at existing lift factories, notably at Shanghai.

The agreement has yet to be approved by China's Foreign Investment Commission. However, a starting date has been set for June which suggests that approval may be given quickly. If this is the case then the agreement would be an important breakthrough.

One of a number of such joint venture agreements have gone forward to the Foreign Investment Commission, but have not yet been given final clearance.

Mr. J. Parke Wright, the manager of Jardine's Peking office, said last night "things are going smoothly" and he expected the June starting date to be adhered to.

Vice Minister Xie Beiyi, member of the State Capital Construction Commission, said that the agreement is the first of its type to be signed with a foreign manufacturer. It combines a cash investment by foreign partners with the injection of existing assets by a State Corporation. The Vice Minister said that he hoped that the successful conclusion of this joint venture would encourage others considering such forms of co-operation and that more would be concluded in the near future.

The new company will be known as the China-Schindler Elevator Company. The Chinese will provide the equivalent of \$12m of the company's registered capital of \$16m in buildings and machinery, while the foreign partners will supply \$4m in cash. The board of eight directors will include six appointed by the Chinese in accordance with their 75 per cent shareholding.

One of the problems is that China has yet to announce regulations governing wages and taxes in business enterprises involving foreign partners. The Chinese authorities have been saying for the past six months that an announcement was imminent.

According to the Chinese announcement, it has been established to increase the capacity of the Chinese lift industry, to update products and manufacturing methods to produce products suitable for domestic needs and for export to generate foreign exchange. The new company is expected to manufacture 500 lifts a year and double its production in five years with annual output reaching 2,000 in 10 years. Most of the output will be for domestic use with about 20 per cent for export to Asian countries.

## Daiei opens buying office

JAPAN'S LARGEST retail organisation, the Daiei group, specialising in women's and men's fashions, footwear, accessories and fast foods, opened a London buying office yesterday.

It plans a close relationship with UK suppliers to reach its sales growth target, by developing sources of reasonably priced good quality merchandise from Europe's leading manufacturers, and of new products not usually available in Japan.



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## Davy-led consortium in methanol plant talks with Jakarta

JAKARTA — Pertamina has opened negotiations with a British-led consortium on a \$200m methanol plant in East Kalimantan.

The talks are expected to lead to a joint venture between the consortium of foreign investors and the Indonesian state oil company that will finance, build and operate the planned facility. The consortium is led by Davy McKee (oil and chemical), and includes Marubeni Corporation of Japan and Chang Chun Petrochemical of Taiwan.

The consortium also would market most of the planned 1,000 tons a day output to buyers in Japan and Taiwan.

The methanol project is one of four major petrochemical ventures that Indonesia intends to launch during its current three-year plan.

Pertamina wants the plant in production by 1983 or 1984, and if Davy wins, against competition from France and West Germany, it will be the first major building contract for a UK concern in Indonesia.

AP-DJ

Richard Cowper in Jakarta writes: Indonesia is to start work on two new ports and modernise another at a total initial cost of nearly \$61m.

## Indo-British plan for Calcutta

BY P. C. MAHANTI IN CALCUTTA

AN INDO-BRITISH venture, Nicco Furmanite, is being set up in Calcutta to provide services and equipment for process industries.

The new joint venture company will comprise National Insulated Cable of Calcutta and the British engineering concern, Furmanite International. It will initially establish a chain of service centres beginning with Calcutta and Bombay to undertake repair and maintenance work for process industries

such as power, chemicals, fertilisers and oil refining. Nicco Furmanite plans to follow this up by setting up a manufacturing plant at Calcutta in a few years.

National Insulated Cable will have the majority holding of 64 per cent in the new venture and will be responsible for managing the operation. The British partner will provide the technical knowhow and hold the remaining 36 per cent of the equity.

## UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1976=100); retail sales value (1976=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemp.	Vacs.
1978							
4th qtr.	110.3	103.1	109	101.7	132.3	1,340	230
1979							
1st qtr.	110.2	102.8	98	100.7	134.0	1,351	234
2nd qtr.	114.5	107.1	106	106.2	144.8	1,299	256
3rd qtr.	113.3	103.2	99	99.5	144.6	1,269	247
4th qtr.	113.1	104.1	106	101.7	151.9	1,286	239
Oct.	112.1	102.8	101	100.8	149.1	1,282	237
Nov.	114.6	105.8	114	102.5	153.2	1,282	234
Dec.	112.5	103.8	103	101.7	153.1	1,294	219
1980							
Jan.	112.2	102.9		102.8	155.1	1,239	207
Feb.				104.0		1,414	181
March						1,414	181

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mfg.	Textile etc.	Hous. starts*
1978							
4th qtr.	105.8	97.2	124.0	96.9	99.5	102.2	20.3
1979							
1st qtr.	106.0	99.3	127.3	98.9	99.6	100.1	12.9
2nd qtr.	108.8	103.0	132.8	102.7	108.2	103.1	21.3
3rd qtr.	105.6	95.9	132.7	94.9	105.4	100.6	21.0
4th qtr.	105.1	101.2	130.1	95.9	99.2	96.2	18.1
Sept.	104.0	92.0	131.0	96.0	106.0	102.0	20.5
Oct.	104.0	98.0	130.0	96.0	100.0	97.0	20.5
Nov.	107.0	103.0	132.0	101.0	101.0	98.0	19.2
Dec.	105.0	103.0	128.0	101.0	97.0	93.0	14.6
1980							
Jan.	107.0	103.0	127.0	102.0	61.0	98.0	13.1

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US\$bn
1978							
4th qtr.	122.5	112.9	-206	+534	-458	106.5	15.77
1979							
1st qtr.	109.0	116.9	-1,589	-1,215	-233	107.0	16.78
2nd qtr.	135.3	128.8	-439	-238	-158	106.8	22.18
3rd qtr.	129.8	128.1	-493	-674	-157	103.7	22.54
4th qtr.	129.3	128.8	-745	-394	-96	104.4	22.49
Oct.	124.7	129.7	-418	-51	+27	104.1	22.42
Nov.	131.8	125.8	-75	-229	-88	102.6	22.72
Dec.	131.3	131.2	-229	-229	-88	102.6	22.72
1980							
Jan.	129.9	128.3	-321	-271	-74	100.9	23.71
Feb.	136.8	129.1	-226	-176	-52	100.6	23.93

FINANCIAL—Money supply M1 and sterling M3, bank advances (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	M1	M3	Advances	DCE	BS inflow	HP lending	MLR
1978							
4th qtr.	14.9	11.9	8.6	+1,774	878	1,584	124
1979							
1st qtr.	7.6	9.3	32.6	+1,525	777	1,581	13
2nd qtr.	0.7	17.2	28.5	+2,707	777	1,867	14
3rd qtr.	15.5	10.2	13.2	+2,409	933	1,879	14
4th qtr.	5.1	12.6	18.2	+2,831	339	1,854	17
Oct.	15.5	16.3	14.6	+1,547	544	883	14
Nov.	6.5	13.3	19.1	+1,094	134	698	17
Dec.	5.1	12.6	16.3	+250	161	592	17
1980							
Jan.	-8.1	8.7	22.8	+792	235	671	17
Feb.	-6.4	10.0	20.7	+495	199		17

INFLATION—Indices of earnings (Jan. 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1975=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings	Basic mals.	Wholesale mfg.	RPI	Foodst.	FT comdty.	Strg.
1978							
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
1979							
1st qtr.	144.2	152.4	161.6	208.9	218.3	268.58	64.9
2nd qtr.	147.3	163.3	168.0	216.5	225.2	292.55	67.4
3rd qtr.	154.2	169.9	176.4	231.1	231.9	301.66	71.0
4th qtr.	161.7	183.9	181.3	237.2	237.2	295.13	68.5
Sept.	153.6	172.5	178.2	233.2	232.6	301.66	69.8
Oct.	158.1	178.1	180.2	235.4	234.8	291.34	68.4
Nov.	162.1	188.9	181.5	237.4	237.4	297.22	68.4
Dec.	165.1	187.5	183.4	239.4	239.9	296.13	69.7
1980							
Jan.	162.6	193.4	189.5	245.3	244.8	298.69	71.4
Feb.	162.6	191.1	188.8	248.8	246.7	304.27	72.2

\* Not seasonally adjusted.

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## TRAVEL TO THE CONTINENT CHANGES STYLE

## British Rail to scrap night train to Paris

BY LYNTON MCLAIN

BRITISH RAIL is to scrap its half-century-old night train ferry service from London to Paris and Brussels.

The rail unions have not yet been consulted about the planned closure. But British Rail said yesterday it was definitely proposing to end the service at the end of October because of mounting losses.

The British Railways Board said the service had not been profitable since the 1950s.

The relatively cheap first-class sleeper ticket price of £128.90 for a return from Victoria Station, London, to Paris had apparently done little to encourage a sufficient number of people to wallow in 1930s nostalgia to make the service viable.

The current British Airways first-class return air fare from London to Paris is £142. But the airline is to scrap first class in Europe from Tuesday and will offer cheaper "club class" tickets at £110 return—seriously undermining the night train ferry price.

The sleeper service lost £120,000 last year, but apart from this financial burden—shared between British Rail and the French and Belgian Rail systems—the carriages, which were built in the 1930s, need refurbishing.

Each carriage would cost about £80,000 to replace and it is estimated that at least 48,000 passengers a year would be needed to make this size of investment viable.

The sleeping carriages—now all first class—were originally owned by the French Wagon

Lits company, although they were built in Britain. They would have been withdrawn anyway if a Channel Tunnel was built.

The sleeper service—based on

a departure just before midnight, to arrive in Paris in time for breakfast—was started in 1936, after earlier proposals to build a Channel Tunnel were scrapped.

## Jetfoils for Belgian Channel route

BY WILLIAM HALL, SHIPPING CORRESPONDENT

REGIE Voor Maritiem Transport (RMT), Belgium's state-owned ferry company, is investing \$27.5m (£12.8m) in two Boeing Jetfoils for its Dover-Ostend sea route. The new hydrofoils will come into service in May 1981, operating from specially built terminals.

RMT is the latest in a growing number of ferry operators investing in hydrofoils. P & O Ferries started operating two Boeing jetfoils between London and Ostend at the end of February. B & I lines, the Irish ferry company, will start a hydrofoil service between Dublin and Liverpool on April 25. Seajet has been operating a hydrofoil on the Brighton-Dieppe route for almost a year.

RMT's hydrofoils will carry 316 passengers and will make the crossing in an hour and 40 minutes, against 3½ hours for conventional ferries.

The hydrofoils will make six round trips a day in summer and three during the rest of the year. RMT operates nine conventional ferries on the Dover-Ostend service and will withdraw one of its older passenger-only ferries, the Reine Astride,

when the hydrofoils begin service.

At present 2.7m passengers cross between Dover and Ostend and another 1.1m travel on the slightly longer route between Dover and Zeebrugge, operated by Townsend Thoresen Ferries. The two new jetfoils will have an annual carrying capacity of 850,000.

M. Muyltermans, the general manager of RMT, said his company had chosen hydrofoils instead of hovercraft because of their greater comfort. They will travel at 50 mph and can operate in virtually all weather.

Details of the 1981 prices have not been settled but M. Muyltermans hopes to keep the single fare below £1,000 (£1470) and charge about 40 per cent above conventional ferry tariffs.

The new service will run from alongside Ostend railway station and will connect with the UK railway system, giving a London-Ostend journey time of about 3½ hours. This is the same as the P & O hydrofoil service. P & O single summer fare is £36, so the new service looks much cheaper.

## Request to cut flights

By Michael Donne, Aerospace Correspondent

A DISPUTE between the UK and Lebanon has occurred over a request by the Department of Trade that Middle East Airlines, the Lebanese flag airline, should reduce the number of its flights between London and Beirut from seven to four a week.

The Department of Trade bases its request on the claim that the route has too much capacity, with British Airways flying it three times a week, and that there is insufficient traffic to justify the present level of service.

Middle East Airlines has reacted sharply to the UK request, which it regards as contrary to the policy of liberalisation of air services. It also feels it goes against the interests of passengers.

The airline says its daily service is of great assistance to British exporters and companies working in the Middle East.

Aviation sources have suggested that the UK action is in retaliation for Lebanon withdrawing permission for Concorde to fly across its territory superannually following reports of structural damage to buildings.

The Department of Trade rejects this argument, however, while Middle East Airlines has said it does not believe the problem of route rights is linked with the Concorde situation.

## Boost for Block 16/21

By Ray Dalton, Energy Editor

THE oil reservoir in block 16/21 in the UK North Sea sector appears capable of commercial development, according to Hampton Gold Mining Areas. It has 5 per cent in the concession north-east of Aberdeen.

The latest well, completed last month, identified deeper and separate accumulation of oil, adding substantially to reserves. Hampton said yesterday.

Industry estimates suggest identifiable recoverable reserves could be about 50m barrels.

## ANGLO-FRENCH RIVALRY EXPECTED TO RECUR

## Pulling the plugs for Viewdata

BY GUY DE JONQUIERES

BRITAIN AND France are quarrelling about technology supposed to make communications easier. Rivalry over their respective viewdata systems, which enable computer-stored information to be transmitted by telephone lines and displayed on TV screens, is a major source of discord.

This week the latest argument erupted when the Post Office balked at furnishing telephone connections for French equipment displayed at the international viewdata exhibition, Wembley.

Last summer, the French were blamed for unhooking lines when the Post Office's viewdata service, Prestel, was about to be demonstrated in Paris.

The Post Office insists the Wembley antics were more than a mere tit for tat. It has been seeking, so far in vain, a reciprocal agreement by which Britain and France would allow each other's systems unimpeded access to their national markets. More specifically, it wants permission for a 12-month trial of Prestel among selected French viewers.

The sides have reached a make-shift compromise: the Post Office plugged in France's exhibit in return for a limited agreement that each country would allow the other's system to be exhibited at a wider range of exhibitions in future.

There was a vague promise to discuss collaboration in marketing the business version of Prestel in France.

But it would be rash to

assume tensions will not resurface. Wherever Britain and France compete these days, nationalist strains are near the surface, and few organisations are more prone to nationalism than European PTT (post office) administrations.

But difficulties between the two countries' telephone authorities go some way back. About five years ago Plessey and CIT-Alcatel, the French telecommunications company, agreed to develop jointly a range of highly advanced digital telephone exchanges. Unhappily code-named Felicité, they were to use Plessey processors and CIT switching technology, in the hope of gaining a world lead in digital telecommunications.

But the scheme was abandoned after the Post Office withheld support. Neither country, it appeared, would accept a system not wholly home-grown. So Plessey collaborated on System X, the new generation of British exchanges, and CIT developed its successful E-10 digital switching equipment.

The companies have held talks since, notably about co-operation in military electronics and office systems. CIT, which recently agreed to buy Roneo Vickers' business machine operations, claims to see Britain as a major potential partner in development of electronics technology in several key areas.

But indications are that French authorities regard such collaboration as a one-way

street. Only a day after CIT's bid for Roneo was announced, Thorn Electrical dropped its 9-month-old bid for Locatel, the largest French TV rental chain, because of political obstruction in Paris.

Ironically, after prodding from the French Government, Locatel is to be taken over by CIT and Thomson, another large French electrical manufacturer.

Thorn's bid apparently aroused Gallic sensitivity on two counts. The French PTT was concerned that foreign ownership of Locatel would obstruct its plans to build up a large domestic audience for its viewdata system.

There were suggestions it could be used to sneak Prestel—generally acknowledged to have a lead of more than two years over the French system—into France via the back door.

Viewdata is only one aspect of an ambitious programme to modernise France's internal communications network at a cost of more than £10bn.

For as well as installing the latest digital exchanges, a packet switching network, and a nationwide facsimile transmission system, the aim is to replace printed telephone directories with a computerised data bank. Every telephone subscriber in France will be linked to the computer through a terminal supplied free by the PTT.

The possibility of Locatel falling into foreign hands was also seen as a threat to a separ-

ate, Government-supported, strategy aimed at building the French television industry into an international force.

Thorn had already committed itself not to import TV sets into France for rental by Locatel, but even this undertaking was not considered a sufficient safeguard by the Ministry of Industry in Paris.

The French TV market has been relatively immune from import penetration, partly because few overseas manufacturers have found it worthwhile making sets to the SECAM colour systems, unique to France.

Paris believes that if France's TV industry is to prosper long-term it must enlarge its base. So, over the past two years Thomson, the biggest French-owned manufacturer, has been encouraged to embark on the acquisition trail.

About two years ago it acquired Nordmende, one of several German companies in financial difficulties. Last year, the tube operations of the ailing AEG-Telefunken were taken over by Videocolor, jointly owned by Thomson and RCA of the U.S. This week, Thomson made an offer for SABA, the German TV subsidiary of the U.S. company General Telephone and Electronics.

More may be on the way. Thomson has discussed a takeover of the rest of Telefunken's TV operations and of International Telephone and Telegraph's French TV subsidiary ITT-Oceanic. It is interested in Decca's TV plants in the UK.

## Public nuclear reactor inquiry 'cannot be held until 1982'

BY DAVID FISHLOCK, SCIENCE EDITOR

THERE can be no public inquiry into plans for Britain's first pressurised water reactor programme, although the NII was about 18 per cent short of staff, partly because of inadequate salaries, it could cope with current demands, said Mr. Dunster.

Asked if he would expect his workload to diminish with subsequent PWRs, Mr. Ronald Gauden, chief nuclear inspector, reminded the committee of Britain's experience with its advanced gas-cooled reactor (AGR) stations, in which each of the five had been virtually a prototype.

It was strongly denied that

a shortage of nuclear inspectors was holding up the nuclear programme. Although the NII was about 18 per cent short of staff, partly because of inadequate salaries, it could cope with current demands, said Mr. Dunster.

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## £3.4m for pictures

SOTHEBY'S Budget Day auction of Impressionist and modern pictures realised £3,438,800.

Top price was the £380,000 (plus the 11.5 per cent buyer's premium and VAT) for a Gauguin portrait of a guitar player, painted on his first visit to Tahiti about 1882. It was the property of the late Oscar Homolka, the Russian actor. A Monet, Vase de Pivoines painted in 1882, went for £280,000 and a Corot's "Jeune femme dans le Bois" for £150,000.

Other good prices were the £140,000 for a Chagall, £130,000 for another Monet, £125,000 for a Sisley, and £120,000, a record, for an Ensor.

## Vickers defence division to lay off 350

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

VICKERS' defence systems division at Elswick, Newcastle-upon-Tyne is to lay off 350 workers, and the factory will continue on short-time working for six months from May. Falling orders, mainly because of Iranian cancellations for Chieftain tanks, have caused the cutbacks.

Vickers said formal notices to the 350 would be given at the Elswick works on May 12. If suitable work can be found by the end of the 90-day notice period, the position would be reviewed. The Elswick works employs about 1,500.

Vickers said: "For some months the division has accepted a shortage of work in the

hope of an improvement, but it has become clear that steps must be taken to alleviate the position."

The redundancies would not affect the other two divisions at Elswick, working on non-ferrous metals and pressings, which both have good order books.

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## UK NEWS

# Fibres sector may hit ICI petrochemicals

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE PROFITS of Imperial Chemical Industries' petrochemicals business could be seriously affected by the poor performance of the group's fibres sector, Dr. Rab Telfer, chairman of petrochemicals division, has warned.

Dr. Telfer told a divisional meeting of staff that the "financial problems of fibres division could very easily become the problems of petrochemicals division." He said the future of a number of petrochemicals division works—including those at North Tees and the nylon works at Wilton and Ardeer—depended "almost entirely on fibres' viability."

Large parts of petrochemicals' division's services works and olefins works were equally dependent on the performance of fibres division but staff "often failed to appreciate

this." Last year, fibres division had been the petrochemicals sector's biggest single customer and had accounted for 25 per cent of total sales.

Dr. Telfer said constant attack on costs—including manpower costs—was absolutely vital if petrochemicals division were to survive. Works managers had been asked to take whatever measures necessary. Dr. Telfer set an example by refusing to replace two divisional board members who left.

Last year ICI's fibres division showed a trading loss of £33m as compared to a loss of only £13m in 1978. One of the main reasons was import growth, particularly from the U.S. of finished fabrics and garments.

ICI has intensified its drive to bring manpower productivity in its fibres sector into line

with what it calls "international standards." A sum of £9m out of last year's total trading loss has been set aside for redundancy payments.

Dr. Telfer spoke of the "damaging effects" of fibres imports from the U.S. and said these were expected to continue this year "despite measures aimed at ameliorating" the problem.

The general difficulties likely to face ICI's petrochemicals division this year would be much the same as in 1979. There was also the prospect of little increase in volume sales, following the delayed arrival of a recession.

Last year petrochemicals contributed more to ICI's group sales than any other division with £1,078bn. The business turned in a trading profit of £98m.

## Labour to discuss economy

By Elinor Goodman

THE LABOUR PARTY will hold a special one-day national conference to discuss the Government's economic policies and draw up an alternative strategy of its own.

Judging by the discussion at yesterday's meeting of the national executive, the party could come under strong pressure from its rank and file to take a much tougher line on import controls.

The conference will be the first national meeting of its kind for five years, and will have the same powers to influence party policy as Labour's annual conference.

It represents the latest attempt by the unions to step up their fight against the Government. The idea was put forward by the Transport and General Workers' Union and was eventually approved unanimously yesterday by Labour's executive.

### Angry

The conference will be asked to approve a statement on industrial and economic policy prepared by the national executive.

Yesterday, after a sometimes angry debate, it was agreed that a motion demanding the imposition of selective import controls on foreign cars be referred back to the home affairs committee. The motion proposed that foreign cars containing less than 40 per cent of British-made components should be banned from the British market.

Mr. Les Buckfield, who moved an amendment which would have stopped foreign cars not assembled in Britain being sold here after 1982, described the decision to refer the motion back as a "slap in the face for the trade in the motor industry."

At yesterday's meeting, Mr. James Callaghan, the party leader, also raised the question of Trotskyite infiltration of the party. He was told that the committee would be considering the whole question of groups within the party as a result of a motion passed at the last executive meeting.

# Steel output 'will not hit target'

BY ROY HODSON

THE SCRAP steel industry is forecasting that steel production in the 12 months after the current strike will fall below the reduced target of 15m tonnes a year set by the British Steel Corporation.

Mr. Roy Boast, director of the British Scrap Federation, said yesterday: "We are very concerned about the future level of bulk steelmaking."

Mr. Gordon Cookson of the Yorkshire Scrap Association said he did not believe BSC would achieve anything like the 15m tonnes, and would be more likely to make about 12.5m tonnes. The corporation's output last year was over 16m tonnes.

The scrap industry's view of future iron and steel production

is supported to some extent by the British Iron and Steel Consumers' Council, which is concerned that the high level of imports bought by British steel users in the first three months of 1980 will continue after the strike.

"Customers are attracted by the quality and price of some imported steel and are finding that the importing procedure is not unduly onerous," said Mr. John Safford, director of the council.

The iron and steel scrap industry in Britain handles 10m tonnes of scrap, worth about £500m, each year. Traders expect a greater proportion will have to be sold overseas.

The Government is expected to continue to allow the free

export of ferrous scrap to non-EEC nations in the 12 months after the end of the strike.

Some traders are seeking Government permission for a move to open a new trade with China. Mr. Tony Bird, president of the British Scrap Federation, is leading a consortium which wants to export 25,000-tonne shiploads of British scrap for Chinese mills.

British steelmakers have previously been reluctant to see British scrap freely traded overseas, saying that it is a recirculating source of raw material for the home industry.

The scrap traders feel that stance cannot be maintained now that the total output of the British steel industry promises to be several million tonnes

below the original forecasts for the early 1980s.

A surplus of scrap is almost certain to occur among the British reclamation and trading companies in coming months. Emphasising the need for new outlets to be found, Mr. Bird said: "What is the use of storing up mountains of rusting scrap in Britain which is not wanted?"

The scrap trade's position will deteriorate further if, after the strike, BSC decides to put its Hunterston DR (directly reduced) ore material plant into production.

The plant, built a year ago, will use the ore as a direct competitor to steel scrap for charging electric furnaces.

## 'Deadline' for committee stage of Local Government Bill

BY ROBIN PAULEY

THE GOVERNMENT has apparently decided on the end of May as the deadline for completion of the protracted committee stage of the controversial Local Government and Land Bill.

The Opposition has been pressing for some time for the announcement of a timetable, but Mr. Tom King, Local Government Minister, has always refused.

It is understood that the Government has decided that if the Bill has not completed its committee stage before June it will have to be guillotined, although no formal announcement has been made.

The timing could turn out to be an astute move by the Government and could leave the Opposition in an embarrassing position.

Until the controversial section on new rate support grant pro-

posals was reached the Bill made rapid progress.

It has almost come to a standstill as protracted arguments continue about the clauses concerning block grant, which the Opposition and local authority associations see as a threat to local autonomy and a change in the constitutional relationship between local and central government.

But once this part of the Bill has been completed the rest is expected to pass quite easily until the plans to establish urban development corporations in the London and Liverpool docklands are reached. There is a limit to the delay that those sections can cause.

The committee is sitting in four sessions a week, compared with the initial two, and the Bill seems to have a good chance of being completed by the end of May. If it is, it

will disprove the Opposition's claim that important legislation is being rushed through without enough time for considered debate.

One of the Opposition's most useful members in the committee is Mr. Robert Cant, MP for Stoke on Trent, who combines a considerable knowledge of local government with an inexhaustible ability to speak at great length on any and every clause and amendment.

But it is doubtful whether he alone can use up enough time to prevent the completion of the 149-clause Bill before June.

When the Bill has completed the committee stage it goes back to the Commons for report and third reading before going to the Lords. It is here where some bitter opposition is expected, not least from some Tory peers with strong local government backgrounds.

## Profits of Midlands companies 'irretrievably damaged'

BY LORNE BARLING

MANY PRIVATE steel companies in the Midlands believe profits for this year have been irretrievably damaged by stoppages and strikes related to the British Steel Corporation dispute.

Although most of the 23 companies which are members of the Midlands Iron and Steel Wages Board are now operating fairly normally, they have experienced stoppages averaging five to six weeks and some are still harassed by picketing, blacking of vehicles, and refusal to handle steel from certain sources.

The BSC strike has also led to a failure by the Wages Board, a normally successful negotiating body, to reach agreement on pay. A 13 per cent offer by the companies was turned down more than six weeks ago, and no formal talks have taken place since.

The offer was made at the end of January in the expectation that striking workers would return, in compliance with the Court of Appeal's ruling that the strike should not be extended to the private sector.

Although the men did generally return to work, they were called out again two days

later by the Iron and Steel Trades Confederation (ISTC), after the House of Lords reversed the ruling.

Mr. Alan Philpott, secretary of the Wages Board, said yesterday there was now a "semblance of order" within the industry, and a slow return to work at most companies.

But, while picketing and other industrial action continued, the employers could not return to the talks, which it had been hoped would be resumed next week. He said the board's constitution expressly forbade negotiating under duress.

Management believes most workers are unwilling to strike a second time, and once they had shown solidarity with BSC workers and obeyed their union instruction, they then felt enough loyalty to their companies to return to work.

There were also fears, Mr. Philpott suggested, about the ability of some companies to survive further strikes, and to

regain their position in the UK market after a flood of imports. Although their markets for special steels are regarded as fairly secure, both at home and abroad, competition on other grades from developing countries is likely to be a serious problem. In this sector, some export markets must now be regarded as lost.

"We are reviewing the position all the time, to see if we can get talks started again. There is a fair degree of normal working, but the position keeps shifting all the time. While people are on strike, there is no question of discussions," said Mr. Philpott.

He accepts that the 13 per cent offer, now seen in the light of nearly 20 per cent inflation, is looking less attractive than before, and says the longer the talks are delayed the more difficult it will be to reach a settlement, since member companies see losses looming.

Like the employers, the ISTC is in favour of resuming talks.

## Concern on holding of pickets

TWELVE steel pickets at the port of Ipswich—described by a regional strike leader as "the one gaping hole in the dyke as far as our blockade of British ports is concerned"—were arrested by the police on Tuesday night and held in custody for 16 hours before being released yesterday.

Eight were released "pending further inquiries" and four were bailed to appear in court next month to face allegations of criminal damage and being equipped to commit criminal damage. They had been arrested after the windscreens of a lorry cab was smashed.

Mr. Brian Connolly, Iron and Steel Trades' Confederation co-ordinator for the strike over a register stretching from the East coast to Southampton, hurried to Ipswich from London when he heard of the trouble.

The incident happened at the West Bank container terminal in the port, where steel is believed to be flowing through regularly and easily into Britain.

Mr. Connolly said the situation in Ipswich was receiving national attention by the ISTC. He was having top-level talks with the Transport and General Workers' Union, national co-ordinator, Mr. Ron Todd, to try to get the local men to respect the steel embargo.

## BSC starts redundancy payments at Shotton

BY ROBIN REEVES, WELSH CORRESPONDENT

THE British Steel Corporation yesterday began paying out cheques averaging £7,500 to redundant steelworkers at its Shotton Works, North Wales, where iron and steel making is being ended with 6,420 redundancies.

In the next three days, 3,150 employees will receive severance payments which represent about 30 per cent of the money due to them, under the record £65m redundancy package negotiated just before Christmas for early closure. A further 3,000 staff

will receive cheques next week. The original timetable for the Shotton shutdown has been interrupted by the national steel strike. But the wages and computer staff were given special dispensation by their union to return to work three weeks ago to update the payroll.

BSC has issued a leaflet to coincide with the payments, urging those made redundant to put their cheques straight in a bank to pay off short-term debts, and keep only a small amount in current account.

## Guernsey bank deposits £1bn

THE FINANCE industry has become essential to Guernsey's economy, Mr. Alan Cright, president of the island's advisory and finance committee, told local MPs yesterday.

He was presenting the island's latest economic report which shows that bank deposits rose by about 25 per cent during 1979 to £1bn and that profits of the 43 deposit-taking institutions exceeded £13m.

### APPOINTMENTS

## British Airways Board post for Sir Leo Pliatzky

The Secretary for Trade has appointed Sir Leo Pliatzky as a part-time member of the board of BRITISH AIRWAYS from April 1, effective until November 30 to be in line with appointments of the other part-time members. After holding the post of Second Permanent Secretary in the Treasury, Sir Leo was Permanent Secretary at the Department of Trade until reaching the retirement age of 60 last year. He was responsible for the preliminary work leading up to the Civil Aviation Bill.

Mr. Peter McGrath is to join the board of CONCORD ROTAFLEX as group managing director from the beginning of April. Mr. McGrath was previously chairman and managing director of BL Components having been managing director of BL International. Mr. John Robb, a director of Concord Rotaflex, is to undertake the reshaping of the group's German interests and also be responsible for Belgica, a member company. Dr. Jean Faxon, chairman of Linolite, a subsidiary of Concord Rotaflex, has been made a non-executive director of the parent concern.

PAULS AND WHITES FOODS has appointed, with effect from April 1, Mr. Jonathan Paul, regional director eastern region; Mr. Laurie Wood, director and general manager East Anglian area; and Mr. Michael Heath, general manager Faversham area.

Mr. Samuel J. Lanzafame has been appointed managing director of ONEIDA SILVERSMITHS, a branch of Oneida Ltd. of the U.S.

Mr. Gordon Morrison, chairman of Barr and Stroud, has also been appointed chairman of PILKINGTON PE. Both companies are members of the Pilkington Optical Division.

Mr. Harvey Dongray retires from the board of CENTURY OILS GROUP on March 31.

BAIN DAWES states that from March 31 Mr. Paul Watson is to retire at his own request from executive duty, but retains his board appointments. Mr. Brian Marsh will become chairman of a new UK division, with an executive committee of four managing directors. Mr. David

Rose, North; Mr. Tony Steven, Midlands; Mr. Jonathan Mowley Cooper, West; Mr. Terence Goulder, South and London.

Mr. John Simms has been appointed managing director of BASS TRELAND, an operating company of Bass UK, from April 6. Since 1976 he has been group commercial accounting of Bass Limited.

Mr. Harry C. Hogger, senior partner of SPENCER THORN TON AND CO., stockbrokers, retires from the partnership on April 11. He will remain with the firm as an associated member. Mr. Derek S. Ridout will become

senior partner on April 12, and at the same time Mr. George F. Barker will be joining the partnership.

Mr. E. R. L. Holmes is to resign as a director and chief general manager of the GRESHAM LIFE ASSURANCE SOCIETY to become a director and chief general manager of PROVINCIAL BUILDING SOCIETY on May 1. Mr. J. S. Leighton, actuary of Gresham Life, has been appointed chief executive of that society from April 1.

Mr. Julian Langinger has been appointed a director of GALLIC SHIPPING.

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# UK NEWS - LABOUR

## Clerical staff more militant

BY PHILIP BASSETT, LABOUR STAFF

WHITE-COLLAR workers increasing readiness to take strike action is demonstrated in a survey carried out by the Department of Employment comparing the level of strike activity between different occupational groups.

The results of the survey, published yesterday in the Department of Employment Gazette, also show that white-collar workers' strikes are much more likely to be declared official by their unions than are manual workers' stoppages.

The survey claims that an analysis of strikers' occupations may be significant in understanding industrial relations issues. The survey examines both the frequency (number of strikes per 100,000 employees) and incidence (number of working days lost per 1,000 employees) of stoppages by occupational groups.

Metal and electrical, construction and mining and transport operating groups had the highest rate for both frequency and incidence.

Clerical and related staff showed an annual average loss of 224.7 working days per 1,000 employees over the period of the survey from 1966 to 1973. This is markedly lower than the 1,424.2 lost in construction and mining and the 360.8 in transport operating, but higher than the other major category of metal and electrical workers who lost 183.3 days.

The study shows, too, that managerial, professional, scientific, technological and clerical

strikes—all involving white-collar workers—are much more likely to be made official. Over the study period, 23.3 per cent of literary stoppages—mainly involving journalists—20 per cent of professional stoppages and 19.3 per cent of clerical stoppages were made official. This compares with 3.5 per cent in metal, 2.6 per cent in trans-

port and 0.3 per cent in construction and mining.

The increasing level of white-collar trade unionism and white-collar problems of union recognition is reflected in the causes of the stoppages. Apart from pay, trade union matters are the major cause for white-collar staff, who head the list

on the issue with 19.1 per cent of their stoppages.

The survey puts forward that women workers are less strike-prone, that strike activity is proportional to the extent of collective bargaining arrangements, and that labour turnover is a form of industrial conflict additional to collective strike action.

## Steel strike has cost 5.5m working days

BY OUR LABOUR STAFF

THE STEEL STRIKE caused the loss of more than 5m working days last month, according to figures released yesterday by the Department of Employment. This brings the number of days lost in the strike to more than 5.5m.

The number of working days lost last month rose nearly 18 per cent from 2,717,000 in January to 3,202,000 last month. Steel continued to account for about 94 per cent of the total, though, which indicates that the underlying level of strike activity contained the slight rise shown in January.

The underlying level is still comparatively low, though, with the only stoppages other than steel being listed as a six-week strike at a Glasgow typewriter factory

and a two-week strike by London dockers.

The department's gazette showed 145,500 workers have been involved in the steel strike in the first two months since it began on January 2. The department said the numbers of workers laid off at plants and sites where others were on strike totalled about 11,000 in February.

It confirmed claims that the strike was not having the effect steel union officials thought it might by saying the number of workers laid off elsewhere due to the indirect effects of the steel strike were thought, on limited sample information, to have been small at the end of the month.

• The department also re-

ported that it seems as though the upward trend in employment in the three years to mid-1979 has ended.

The numbers of employees in employment in industries covered by the index of production industries, seasonally adjusted, shows a steady fall from October to January of 2,335,000; 2,300,000; 2,265,000 and 2,226,000.

The department said a substantial fall—possibly more than 50,000—is expected in the December, 1979 estimate of employment.

Manufacturing employment has been falling faster in recent months. The department puts this down only in part to uncertainties arising from the steel and engineering industry disputes.

## Squeeze on pay differentials 'did not damage motivation'

BY NICK GARNETT, LABOUR STAFF

THE SQUEEZE on wage differentials in the years of pay policy under the last Labour Government did not have the damaging effect on motivation and industrial operations claimed by companies and some unions, according to a report by the Policy Studies Institute.

The report, based on studies

of a range of companies, says the erosion of differentials did not lead to any general decline in performance by managers or skilled workers.

It was a cause for considerable dissatisfaction, but in this was far outweighed by other factors, particularly the misuse of manpower through poor

management, and trade union obstruction to promotion of craft workers into more technical and supervisory jobs.

The report by the institute, a privately funded research body, says the principal cause of dissatisfaction among experienced managers was lack of opportunity and lack of promotion according to ability. This was particularly noticeable in the public sector and in large private companies.

Job insecurity, limited promotion opportunities and mismatches between jobs, training and ability were the most important factors causing unrest among craftsmen.

Pay also generated real difficulties for this group and for junior white collar staff but this was not because of the erosion of differentials. Badly organised and overlapping pay structures, particularly between blue and white collar workers, discrimination in fringe benefits and failure to maintain pay comparability between companies was far more important.

Differentials erosion and high taxation was a real immediate problem for senior managers, says the report. During pay policy, however, the report chronicles an enormous expansion in fringe benefits for senior managers which to some extent overcame this.

In July 1974, the cost to an employer of superannuation and fringe benefits for supervisors as a percentage of average salary, together with bonus and commission was 17 per cent. For general managers, however, the corresponding figures rose from 16 to 37 per cent and for managing directors 12 to 36 per cent.

## Pay protest may hit hospitals

By Our Labour Staff

MANY X-ray departments and other medical auxiliary services in Britain's hospitals are expected to be hit by industrial action by professional staff today.

The Association of Scientific, Technical and Managerial Staffs said yesterday it was expecting several thousand para-medical staff to join the union's day of protest and mass demonstration in London about their recent pay comparability award.

They would include radiographers, physiotherapists, speech and occupational therapists, the union said.

It is the first industrial action to be taken over a report by the standing commission under Professor Hugh Clegg. The protest is about recommendations on working hours and call pay. Radiographers are said to be particularly angry at the suggestion they forfeit pay if they do not increase their working week from 35 hours to 37½.

The Society of Radiographers, representing 90 per cent of National Health Service radiographers, said it would withdraw all but emergency services to take part in the protest. Mr. Doug Hoyle, ASTMS president and organiser of the campaign, said it was "a measure of the strength of feeling" that a professional society should take full part.

The National and Local Government Officers Association, which also represents paramedical staff, is not joining in. It has described the action as "precipitate, though understandable."

## Liverpool dock action to continue

By Pauline Clark, Labour Staff

A MASS meeting of Liverpool dockers yesterday voted to continue their strike over steel backing for at least another week. They also repeated their call for total stoppage in all British ports.

At the 30-minute meeting in Liverpool Boxing Stadium, 4,000 of the striking 5,500 dockers decided not to meet again until Wednesday.

Representatives of several thousand auxiliary workers, including tugmen, dock gate men and clerical workers, also decided to maintain their strike in support of the dockers. The dockers' decision followed the failure of talks with port employers on Tuesday.

The strike began last Friday after 100 dockers were told they would not be paid if they refused to finish loading steel on a Soviet ship.

National officers of the Transport and General Workers' Union have given the strikers official backing. The union says the 100 dockers were complying with an official instruction not to load steel for delivery elsewhere.

• Hull port was at a standstill yesterday as dockers held the first of weekly one-day strikes over pay. Employers have offered 15 per cent, but dockers want at least 18½ per cent.

## Ransomes and Rapier strike

PRODUCTION was brought to a halt at the Ipswich engineering firm of Ransomes and Rapier yesterday when the workforce of 500 held a one-day strike over a pay claim.

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## Letters to the Editor

## Incomes policy

From Sir Alan Neale.

Sir—It is easy to get confused about monetarist doctrine. Friedman, Hayek and lesser lights tell us that reducing the rate of growth of money supply is a sufficient condition for reducing the rate of growth of costs and prices. But when prices continue to rise despite monetary constraint, ministers reproach us for not responding properly and now your leader of March 22 rebukes both sides of industry for "failure... to take any notice of a determined monetary policy."

It is not in fact hard to understand why there is no spontaneous response of the kind which the theory requires. The bargainers in the system are of very unequal power. Up against cash limits the strongest groups in the workforce will be more, not less, determined to secure enough at least to maintain their incomes in real terms: the threat that jobs will be lost will not deter them, because typically the lost jobs will occur in a quite different sector of the economy. Similarly some employers will have no great difficulty in passing on cost increases to the consumer and these will include not just the nationalised industries with strong monopoly positions but large parts of the private sector from solicitors and accountants to local hairdressers and plumbers. The sector facing international competition will be in difficulty but there is little evidence that this sector will set the "going rate."

Thus what we see is not a general trend downwards in the rate of growth of prices and incomes, but a depressingly high average level of increase in both, coupled with lower activity and employment and, above all, a marked widening of the differences in reward between the better protected and less protected sectors of the economy. This last feature of the present scene is totally at odds with the declared aim of favouring those who create the wealth on which all else depends.

Your leader warns against yielding to pressure now lest the credibility of monetary targets be destroyed for the future. But as instruments for bringing about a reduction in the rate of growth of costs and prices, restrictive monetary targets are not credible now. Although we are told that the policy must take time to work, there is little reason to suppose that its effects on wage bargains and price decisions will be markedly different next year than this, even with a sadly lower level of output. Unless it can be shown convincingly that a spontaneous response to monetary stringency will occur, decisions in favour of the contrary, it is clear

that an organised response will have to be found through a return to incomes policy. (Sir) Alan Neale, 37, Stormont Road, N6.

## Adjustment of pensions

From Mr. B. Webb Ware

Sir—Linking of any pensions, be they private industry or civil service to the going rate of inflation is no perk. A person retiring on something like half pay plus old age pension is hard enough put to live without the pound in his pocket shrinking at 20 per cent per annum. Some correspondents have accepted that there are grounds for increases, but would limit these to say 5 per cent. In a dozen years of inflation at current rates a loaf of bread now costing 34p would cost over £3. Five per cent annual pension increases would give a pensioner 57p to pay for it.

Pensions cannot be funded to keep pace. The old age pension for a married couple is now £1,950 pa. In the same dozen years at 20 per cent inflation it would need to be £17,400 to have the same purchasing power and even this assumes that personal allowances for taxation purposes keep step. It would be interesting to ask any actuary to fund that on a national basis. If he could not fund the old age pension he could not fund any other pension.

In your issue of March 18, the director, public relations of the Post Office gave the interesting information that 75 per cent of the cost of a stamp goes in wages. That is to say that wages represented 19 per cent of the last 25 per cent increase in the charges for second class post. In this considerable industry—and one wonders in how many others—the inflated charges borne by pensioners are largely due to the increases in wages paid to those in employment.

This is not the place to discuss the ethics of wage increases, but so long as they take place there is an unanswerable case that wage earners should bear the immediate cost of safeguarding the living standards of their retired comrades. This can be done, but it means a national switch from funded to pay-as-you-go pensions.

Funding has long been assumed to be a safeguard for pensions no matter whether the parent company or institution is solvent or not. The pension fund of direct interest to me has 42 per cent of its assets invested in equities. Has the asset value of any managed fund be it pension fund, unit trust or investment trust kept pace with inflation in the last decade any more than the FT index? One is driven to the

conclusion that galloping inflation would bankrupt any fund.

Incidentally there is an implicit long term danger in reposing your trust in a pension fund. The existence of vast holdings of equities in the hands of pension funds must be an irresistible temptation some day to an unscrupulous Government for nationalisation by the back door, by taking the funds forcibly into its custody and handing out government paper in return like any other nationalisation operation.

B. Webb Ware, Stobery Cottage, Grafton, Nr. Petworth, Sussex.

## The French way

From Mr. M. Street

Sir—Mr. S. Kirkham (March 18) asks whether it can be correct that contributions of 15 per cent of salary would pay for inflation-proofed pensions.

According to the last survey of occupational pension schemes, the total number of pensioners (including widows and dependants) is about 30 per cent of the total number of members. This is also the approximate ratio of the number of persons of pensionable age to the number of working age in the population as a whole. It is easily seen that if the members and their employers between them make contributions of 15 per cent, and if these contributions are immediately shared among the pensioners by the pay-as-you-go method, then the resulting pensions will on average be half the size of the current average salary of those who are working, and of course will rise as the current salaries rise.

The size of the pensions relative to current salaries depends only on the size of the contributions (15 per cent) and the proportion of pensioners (30 per cent). It does not depend on any assumptions about the future rate of interest or the future rate of inflation.

This is in fact the method used in the French scheme, which was started in 1947 by the Association Generale des Institutions Retraites des Cadres. It was extended in 1957, again in 1961 and finally in 1973 to cover all employees in the private sector. It is not confined to particular companies or occupations or industries. Every employee in the French private sector now contributes (by law) a fixed percentage of his salary and his employer pays a corresponding amount. The total contributions are immediately shared out among the pensioners, by an ingenious formula which takes account of each pensioner's past contributions in real terms. As the employees' salaries rise with inflation, so does the total income available for the pensioners. The scheme is self-financing.

The FEFC itself points out that the Soviet rail and port charges are low. There are limits to the Soviet Union's need for "hard currency." Sojuzveshttrans cannot reduce its rates much further without effectively subsidising transport between two capitalistic societies, one in Europe, the other in the Far East.

The eastern freight conference is under pressure to keep its rates down, arguably below breakeven. TSR is being blamed but Sir Ronald knows as well as I do that the threat to his monolithic structure comes not from Jeuro and the TSR operators but from newcomer shipping lines based in the Far East. It is these companies that are threatening the FEFC's 80 per cent—and our 10 per cent for that matter. Since these lines appear to be operating on strictly commercial grounds, however, they make poor targets for FEFC. TSR operators supposedly utilising a transport system heavily subsidised by the Soviet Union, are much easier to attack.

Sir Ronald, the TSR operators wish you well in your efforts to hold on to your massive share

of the trade. We are afraid though that your broadsides at the TSR may direct attention away from the real threat. We have seen all too often what Oriental companies can achieve when playing Europeans at their own game. Will you still be complaining about us when the FEFC has only 50 per cent of the trade, outsider shipping lines have 40 per cent and TSR still has 10 per cent? I wonder.

For my part, I am concentrating on holding onto my existing traffic, against the twin competitive fronts of the new outsiders and the conference lines who are slashing rates to stay competitive.

J. L. C. Salmons, 6th Floor, New Mercury House, 51-52 Farringdon Street, EC4.

## Far East trade

From the Managing Director, Jeuro Container Transport (UK)

Sir—I was most flattered to read (March 14) that the mighty OCL regards my company as a grave threat to its continental presence on the UK/Far East trade. I should like to put Sir Ronald Swayne's mind at rest, at least about our intentions.

Your figures show that OCL and its Far Eastern Freight Conference associates have 80 per cent of the trade. Also that Trans-Siberian Railway's fifteen licensed operators have 10 per cent between them. The 10 per cent balance is with "outsider" shipping lines, of which the most important are Far East based. Admittedly TSR will have the capacity to move 250-350,000 TEUs in the next two distant future but does Sir Ronald seriously expect it to attain that figure?

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J. L. C. Salmons, 6th Floor, New Mercury House, 51-52 Farringdon Street, EC4.

## Trans-Siberian railway

From the Commercial Manager, Transnet International Freight Services

Sir—I was interested to read the article (March 14) concerning the Trans-Siberian Railway. I wonder if I might make a number of comments on it?

It can hardly be surprising that the Trans-Siberian route is cheaper than the all-water route for a percentage of the cargo on offer. A glance at the map printed with your article will show that it is to begin with, very much shorter, especially as regards traffic to and from Japan, and given the economies of long distance and volume movement by rail, it is not unreasonable to expect this route to be the most economic in a purely capitalist sense. In addition, there is the situation of cargo to or from central and eastern Europe and most particularly southern Germany, Austria and Switzerland, to and from which areas the Far East Freight Conference offers shipments via Dutch or north German ports with a lengthy inland haul in the wrong direction to reach the source or destination. Again, taking purely western economic standpoints it cannot be surprising that the TSR is an economical alternative to the all-water route. I believe that it is in this particular market that the Trans-Siberian route is particularly strong and that this section of the market accounts for a high proportion of the total carryings mentioned in your article.

Your article touches upon but does not go into any detail concerning the role of the licensed foreign forwarding companies who actually control and sell the through service via the TSR. I feel that this does represent an interesting and encouraging side of modern Soviet business practice and that co-operation

between relatively small-scale private enterprise Western or Japanese companies and the Soviet Government company, Sojuzveshttrans, can only be of benefit in terms of mutual understanding. A typical Trans-Siberian shipment involves, in our case, the through movement of a British export by a British registered company with shareholders in Germany and Hong Kong (via South Africa), in a container manufactured by a Korean, Japanese or French manufacturer and owned by an American leasing company across the wastes of the Soviet Union to a destination in Japan or Hong Kong. I do not believe that there can be anything had in bringing together all these various interests in one common operation out of which, all presumably, gain some benefit.

Having said that, I share Mr. Hall's fear of excessive domination of British imports or exports by the Russian challenge. On the other hand, I feel that an excessive share in the hands of any nationality (even British) can have similar disadvantages. One has only to ask a British exporter trying to break into the Australian market in the long years before the advent of ABC Line to learn what an unresponsive Conference dominated by Western interests but without any real sensitivity to market pressures can do.

At least the Trans-Siberian route and the more recent all-water non-Conference carriers provide a viable alternative to the otherwise monopoly in-

terests of the Far East Freight Conference and while the competition is held within bounds, I feel that the interests of the British shipping community in general and of the individual British exporter or importer are probably best served by the maintenance of this balance.

P. R. George, Transec, Reading Cargo Centre, 5-9, Berkeley Avenue, Reading, Berks.

## Optimum size for hospitals

From Dr. R. MacKenna

Sir—Dr. David Carrick's article (March 16) entitled "A new assault on the teaching hospitals" merits more than the mere approval of its readers, and one hopes that it will produce a favourable reaction in politicians and in the appropriate Ministry.

Experience of working in several capacities in teaching hospitals in London and Liverpool from 1924 to 1968 taught me that the success of a really good hospital depends not only on the efficiency of the medical, nursing and technical staffs and of the administration, but of equal importance is the esprit de corps existing between all grades of staff and their appreciation that the welfare and happiness of the patients is their chief concern. Each hospital in a group can be likened to an individual ship in a fleet, for each is a self-contained entity, and just as

there are rivalries between ships there are rivalries between hospitals; this is a healthy phenomenon, for friendly rivalry promotes good work. Consequently it is almost impossible to merge one hospital of 500 beds (e.g. Westminster) into another of about 1,000 beds (e.g. St. Thomas's) without creating a great deal of friction and unhappiness which damages the morale of each so that the quality of the work is impaired, probably for a long time.

Then there is the question of size: despite financial arguments, bigger does not necessarily mean better (as Dr. Carrick implies) and there are many of us who believe that the optimum size for many hospitals is still 1,000 beds. (Dr.) R. M. B. MacKenna, 29 Duchess of Bedford House, Campden Hill, W8.

## Know it-it was Jowett

From Mr. B. Lewis

Sir—If, as Anthony Harris (Lombard, March 20) suggests, the sleek-haired, pink-faced Lord Curzon did ever claim that what he did not know wasn't knowledge, then he must have known that in the 1870s Jowett, the Master of Balliol, was being accused of making the same claim. Certainly one would have expected Lord Curzon to know, for he was an undergraduate at Balliol at that time. Benedict Lewis, 13, Hillgate Place, W8.

## Today's Events

UK: Dr. Rhodes Boyson, Education Minister, and Mr. Edward Heath, speak at Conservative Students annual conference, Loughborough University.

Sir John Greenborough, Confederation of British Industry president, speaks at CBI South West region dinner, Bristol.

Mr. Richard Burke, Common Market Transport Commissioner, speaks at Bristol Chamber of Commerce.

Association of Metropolitan Authorities emergency meeting to discuss proposed local authority funding changes.

Prince Philip opens new Magistrates' Court, Cambridge.

Prince Charles opens "War" exhibition, Imperial War Museum, Lambeth.

British Rail Property Board details financial performance for 1979.

Sir Frederick Wood, Croda International chairman and managing director, speaks at British Printing Industries Federation conference "Marketing against the odds," London.

Sir Peter Gadsden, Lord Mayor of London, lunches with Sir David McNee, Metropolitan Police Commissioner, New Scotland Yard.

Institute of Production Engineers seminar on buying making tools, London.

Your business and building seminar, Institute of Directors, London.

Camden Antiques Fair opens (until March 30).

Overseas: Mr. Francis Pym, Defence Secretary, opens British Aviation Equipment Exhibition, Shanghai (until April 5).

EEC Agriculture Ministers meet, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Budget debate.

House of Lords: Criminal Justice Bill, third reading.

Companies Bill, consideration of Commons amendment.

OFFICIAL STATISTICS

Energy Trends.

COMPANY MEETINGS

Alcan Aluminium, 10, St. James Square, EC, 2.30.

Associated Fisheries, 12, Beaumont Properties, 100, Broad Street, EC, 2.30.

Cardinal Investment Trust, 1-2, Laurence Pountney Hill, EC, 11.30.

Clifton Investments, 100, Old Broad Street, EC, 11.

Coin Valley Water, Aldenham Road, Watford, Herts, 12.30.

Construction Holdings, 124, Chancery Lane, WC, 11.

Coronet Industrial Securities, 75, Harbottle Road, Edgbaston, Birmingham, 12.

Eastbourne Waterworks, 14, Upperton Road, Eastbourne, 11.45.

Evodie, Common Road, Stalford, 12.

General Consolidated Investment Trust, 1, Grosvenor House Hotel, Park Lane, W, 12.

Henry Norrington, 12, Nottingham Manufacturing, Botany Avenue, Mansfield, Notts, 10.30.

Phoenix Mining and Finance, Winchester House, London Wall, EC, 12.

River and Mercantile Trust, 44, Bloomsbury Square, WC, 12.30.

River Plate and General Investment Trust, 44, Bloomsbury Square, WC, 11.15.

Romney Trust, 21, Moorfields, EC, 2.45.

Sterling Trust, Bucklersbury House, 11, Walbrook, EC, 3.30.

Tribune Investment Trust, 88, Leadenhall Street, EC, 2.30.

West Coast and Texas Regional Investment Trust, 20, Birch Lane, EC, 12.30.

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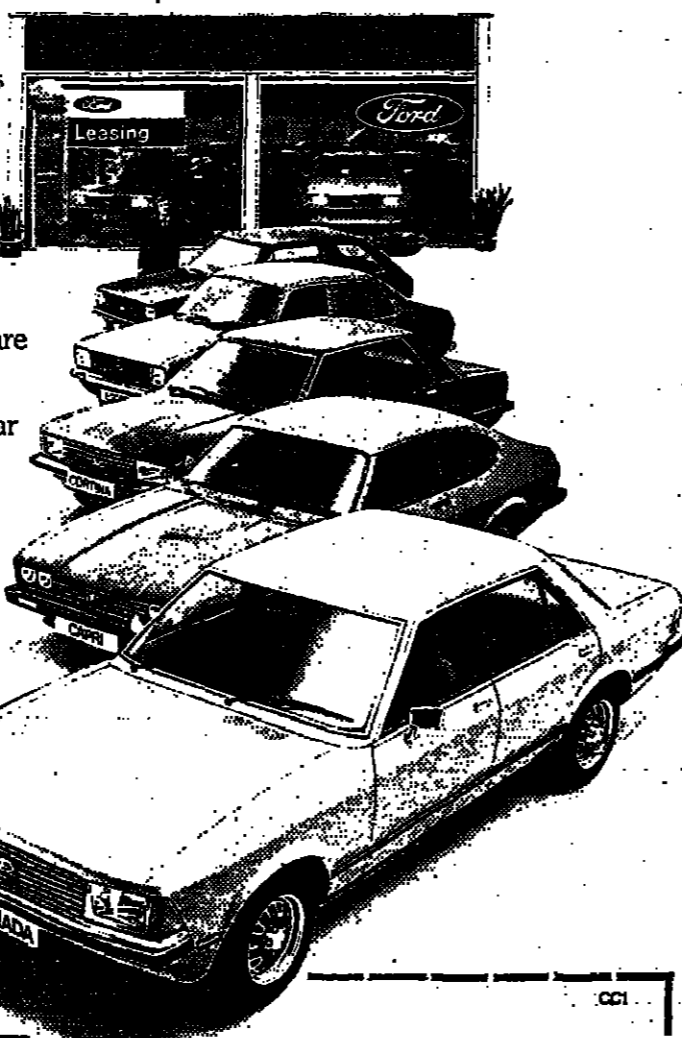
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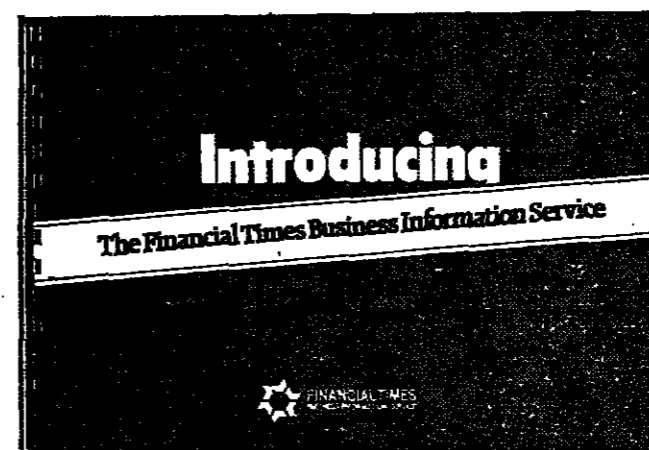
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## THE MARKETING SCENE

BY MICHAEL THOMPSON-NOEL

## Media expenditure enjoys near-record quarter

In months to come, advertising agencies and the media will almost certainly look back on the first quarter of 1980 as a three-month interlude of almost unmatched prosperity.

In part, the bonanza owes much to the carry-over from last autumn's ITV strike. There is also the buoyancy of consumer spending and the return to publication of Times Newspapers, plus the fact that expenditure figures for the first quarter of last year were depressed by the road haulage strike.

Nevertheless, gains have been substantial. They show up best in figures for gross display expenditure at rates, card costs on Press and TV in the 350-odd product groups monitored by Media Expenditure Analysis.

Over the first two months of this year, combined MEAL expenditure in the biggest category, department and retail stores, advanced by 29 per cent to £12.6m, compared with the first two months of 1979. Spending on cars was 54 per cent higher, at £9.33m, and on direct

response mail order, 63 per cent higher at £8.68m.

Chain grocery and Co-operative, the category presumably hit hardest by last year's road haulage strike, was 234 per cent better, at £5.65m. Cigarettes, chocolate confectionery, and records, cartridges and cassettes, all showed gains of at least 40 per cent. Beer advertising, on the other hand, was only 10 per cent up.

Still on the subject of media, the latest Media Monitor from Foote Cone and Belding makes some strange and strangled noises on the subject of Britain's fourth television channel, the debate over which, says FCB, is a "complete red herring" of "utter irrelevance."

The agency's media department, it transpires, is excited by the prospect for European satellite TV, which it hails as the herald of "geometric growth" in the '80s.

According to the agency's confident predictions, the first generation of European direct-broadcast satellites will be launched within three

years—"capable of beaming pictures directly into the home, with accompanying sound-track in at least two languages."

The agency reports that "at the present moment, politicians all over Europe are maintaining a low profile on this issue, and yet, in our view, it is inconceivable that CTL (Radio/Television Luxembourg's parent company), or any number of European Governments, will not see the enormous financial opportunities to be gained through launching a pan-European, direct-broadcasting satellite, with a potential audience of up to 200m people."

This, says FCB in orbital prose, is just one of many reasons why the emotion and politics of the Channel 4 debate have been overtaken by events. The issue now, it says, is what impact satellites will have, how marketing and advertising strategies should be adapted, and how capable the domestic broadcast media will prove in defending their business against competition from outside.

EH-he.

## Cold draught at the end of the pier

RESEARCH: A SURFEIT OF THEORY DEMANDS AN ANTIDOTE

YOU PAY your money and take your choice, particularly after a Budget like yesterday's.

The annual conference of the Market Research Society in Brighton last week offered an even wider range than usual of mind-tumbling topics, for to accommodate the 1980s, the conference had been stretched to three days.

Delegates heard about research trends and industrial decision-making, about consumer attitudes and data capture.

At one point, conference-goers were introduced to "An Experimental Study of Refusers in Sample Surveys in the U.S.," at another, diverted by "Consumer Behaviour and Museum Exhibits" by M. B. Alt of the Natural History Museum.

Mr. Alt was describing the use of closed-circuit television cameras for studying the behaviour of museum visitors, and suggested how TV cameras, micro-computers and the analysis of behavioural records might be harnessed to study shoppers' behaviour in stores and supermarkets in those vital moments preceding the "consummatory act of purchase" at the checkout—all suitably Orwellian.

One of the more elegantly discursive papers—the full collection is available from the MRS—was delivered by Tony Twyman of the Research Bureau, who observed, quite rightly, that the field of advertising research was one in which techniques and debates were constantly recycled, where wheels were reinvented and where circularity was seldom absent, intentionally or otherwise.

According to Mr. Twyman, the 1970s produced widespread rejection of all-embracing theories about how advertising works.

"Advertising is about trying to affect behaviour which can be frequent or rare, trivial or

serious, costly or inexpensive, public or private. It can be about trying to make people start doing things, go on doing them, or stop doing them.

"Happily, the trend is already away from the global approach to advertising theory. Formal psychological theorising in recent years has tended to make more progress by the development of mini, operational theories about small areas of behaviour, rather than vast comprehensive theories. A similar route seems appropriate for advertising theory. Essentially, it is suggested that progress can only be made by building, not theories of advertising, but theories of the specific behaviour upon which advertising is one influence."

However, as I observed at the beginning, in this particular

most researchers with the almost bull-at-a-gate attitude towards advertising cost effectiveness adopted by Malcolm McNiven in the current issue of the Harvard Business Review.

Mr. McNiven is vice-president of marketing services for the Pillsbury Company, where he manages market research, advertising and consumer affairs. He was formerly a marketing vice president at Coca Cola, and advertising research manager at E. I. Du Pont de Nemours.

Compared with the dampness of the average market research paper, Mr. McNiven comes across like a firebomb through the letterbox. "Considering the financial pressures on businesses today, it is remarkable that the advertising budget has received so little attention and examination by top management," he states categorically.

"This is partly due to the fact that many managers accept two basic axioms about advertising: first, that it is a necessary evil in their business expenditure, and second, that its effectiveness cannot be measured. Neither of these is true, since advertising—instead of being a financial burden—can provide the means to increase growth and profit if used creatively and wisely. In addition, the productivity of advertising can be measured far more accurately than most managers expect."

In 1977, he says, U.S. business spent approximately \$44bn on main-media advertising. Much of this was spent by the top 100 advertisers, whose individual media budgets ranged from \$25m to \$400m. "These media expenses were usually equalled by the amount spent on consumer trade and promotion. In many cases, the advertising budgets exceeded the profit before tax for those companies, particularly for the packaged consumer goods companies."

Given budgets of those magni-

tudes, he says, a programme of "productivity improvements" can yield significant pay-offs. First, he insists, develop a budget strategy—then push hard for all possible cost reductions.

Once marketing objectives are set, he says, it makes sense to focus on advertising in the following three ways. Develop an advertising strategy to help

**'Many managers accept two axioms: first, that advertising is a necessary evil; second, that its effectiveness cannot be measured. Both are wrong.'**

— Malcolm McNiven

chase (plus 40 per cent). The emphasis was switched from trade-support to TV advertising, and in terms of sales, share and profit performance, says Mr. McNiven, the "outcome was a successful application of a total business approach to advertising."

With hardly a glance behind, he cuts his way through the thickets of advertising elasticities, statistical analysis, local tests and reach and frequency; then, arriving at a clearing in the jungle, takes a machete to the controversy of advertising cost reduction.

They are not going to vote him Adman of the Year. "Because of the complex and poorly understood nature of the advertising industry," he claims, "normal cost reduction programmes often bypass advertising in lieu of something more tangible, such as production, distribution or office expense. However, there are many opportunities to reduce costs in the advertising area."

Delve deeply into how and what you pay your agency, he says. Hire outside consultants to explore production costs. Insist on proof of performance by the media.

"If a company undertakes the programmes in a sensible way, and commits itself to accomplishing them, it is not unreasonable to expect a 5-20 per cent saving in the advertising and sales promotion budget," he claims.

He insists that productivity improvements will not harm advertising by stifling creativity: "Like any other productivity improvement programme, it must be carried out with sensitivity and a clear understanding of what is good for the business."

In contrast to the relative somnambulism of last week's Brighton conference, Mr. McNiven's views come across like a blast of cold air off the end of the pier.

**'There is now less expectation of a single magic theory about how advertising works, though the search for astounding new techniques slows down real development'**

— Tony Twyman

## Dunbee collapse forces Procter into talks

FACING A potential loss in excess of more than £250,000 following the collapse of Dunbee-Comber-Marx, Gordon Procter and Partners is in talks with other advertising agencies with a view to possible merger or take-over. Its aim, it says, is to "reinforce its image and strength."

The agency is also negotiating with the Dunbee receiver. Trouble loomed following Procter's major Christmas TV campaign for Pedigree Toys, which coincided with the Dunbee parent's last struggle for survival.

Procter's is Britain's 38th biggest agency. Billings last

year were a reported £10.66m. Major clients include Philips, for which it handles approximately £2.5m worth of business, Beefeater Gin, Nicholas Laboratories and Saudi Arabian Airlines.

It is said to be in talks with at least half a dozen other agencies, including Ogilvy Benson & Mather and the Lopex Group, though managing director Laurie Cox-Freeman declined yesterday to specify names.

Meantime, the proposed take-over of the Savino agency by Butler Dennis & Garland is off. BDG, which is involved in the pitch for the Grundig account, bills more than £8m and plans

to re-enter the take-over fray.

FOOTE CONE and Belding is handling a £50,000 campaign to promote the Stock Exchange's own videodata system, TOPIC, which will display stock and share prices and will later be expanded to cover other information.

McCANN-ERICKSON has bought the Lisbon agency, Manuel Martins da Hora, which expects a \$8m billing in the current year.

CIA IS TO provide media planning and buying services for Morphy Richards. It already handles Hotpoint and Schreiber Furniture, which means it now has all the GEC Schreiber media business.



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12  
LOMBARD

# Why the British stand alone

BY ANATOLE KALETSKY

PIG-HEADEDNESS, insolence, greed—as far as most people in Britain are concerned, these are the only explanations for Europe's refusal to refund Britain's contributions to the EEC Budget. Whether they admire Mrs. Thatcher or detest her, practically all British voters applaud her efforts to "get their money back" from Brussels. This universal approbation seems to have convinced the Government that Britain's case is logically and morally irresistible. But it has left Ministers with nothing more solid than indignation and incredulity to fall back on, when confronted with Europe's unanimous indifference to a case which seems, in the Chancellor's words, so overwhelmingly strong.

Now that the debate on the budget is postponed by the cancellation of the Brussels summit, it is worth reflecting not only on the intransigence of the French, but also on Britain's failure to win support from any of the other more "reasonable" EEC members, or even from any significant section of public opinion in any of these countries. It is possible that Europe is not only ruled, but also populated, exclusively by xenophobic cynics, who are blind to the logical and moral imperatives of Britain's case? Or are Mrs. Thatcher's arguments less conclusive than they are generally assumed to be in Britain?

Mrs. Thatcher's original claim was very bold. Before last year's Dublin summit she insisted that Britain was entitled to a "broad balance" between contributions to, and benefits from, the EEC budget—as if this were a matter of pure logic. This line of reasoning may have impressed the British electorate, but it has made little impact elsewhere: after all, there is no known system of government budgeting, in which each individual taxpayer is entitled to demand a balance between his tax payments and his consumption of state benefits.

Thus Britain's case requires another leg. Before based on social justice, as well as pure logic, Britain is the EEC's third poorest country. Surely, then, it is unfair that it should be paying net contributions to the EEC budget.

But even for crusaders against inequality, Britain's moral case is by no means con-

clusive. If, for example, the £1.2m which Britain is demanding came mainly out of the agricultural budget, the transfer could well bear heavily on poor peasant farmers in Italy and France. If it were then used to finance cuts not just in Britain's income taxes, but also in capital taxation, the net effect could well be to redistribute money from the poor to the rich. If, on the other hand, Britain's refunds were financed by raising taxes in the rich countries, the poor of these countries could justifiably demand a share of the proceeds.

Of course, international diplomacy is not ruled by high morality, or even by logic. Nevertheless, the lack of a watertight theoretical basis for Britain's demands points to a serious flaw in Britain's whole negotiating strategy. By looking at the budgetary problem entirely from the British standpoint, and by isolating it from all other Community issues, the Government has failed to inject any coherent general principles into its special pleading. It has shown little interest in general, Community-wide reforms which might benefit not only Britain, but also other member countries, or at least some of the political or social groups within them. Thus none of the other countries has anything to gain, and some may have much to lose, by supporting Britain.

The other side of this coin is that a British Government which genuinely wished to alter the Community's fiscal mechanisms in a more rational, or a more redistributive, direction would find plenty of support in the other member countries. Even in France and Germany support for the Common Agricultural Policy is by no means unanimous.

Britain could be marshalling the pressure groups, strongly represented in the European Parliament, which want to replace the present CAP with a more selective social policy, which could assist industrial, as well as agricultural, areas facing hardship. But only by seeking reforms that could benefit the whole Community, instead of ad hoc responses to immediate grievances, will Britain be able to turn some of its European partners into genuine allies.

DEFENDING the EEC Commission against the accusation that its competition policy was losing much of its credibility and effectiveness, M. Raymond Votel, the Commissioner responsible for it, said in the European Parliament recently: "I think that in general the current procedure ensures that a balance is kept between a firm's right to defend itself and the need to put an end to infringements of the competition rules as quickly as possible."

Last week Mr. Bastiaan Van der Esch, who is in charge of competition matters in the Service of the Commission, did his very best to convince a group of distinguished legal practitioners from all member countries that they should put their trust in the fair-mindedness of the Commission's officials instead of insisting that a fair trial was best assured by the right of the accused to be heard.

Needless to say, Mr. Van der Esch did not succeed, and a report from the conference which was convened in Luxembourg by the International Association for the Study of Competition should be read by politicians who are responsible for community affairs but rarely take the trouble of seeking for themselves the bizarre convolutions to which the splendid idea of a Common Market is being reduced.

In order to be able to defend himself the accused must first know what the accusation is. Again and again, however, it has been shown in the European Court that the Commission kept back important documents, particularly complaints which started the proceedings, and allowed the accused party to see only those bits which it considered "relevant."

When asked what harm would result from also showing the accused party documents considered by the Commission to be "irrelevant," Mr. Van der Esch had no answer and said that the question was wrongly posed. The fact, of course, is that the Commission keeps two files on each case it investigates, and reveals to the accused party only one, keeping away much that could assist the defence.

It seems that the Commission does not only keep things secret from the parties but also from the Advisory Committee composed of competition experts representing various governments whose opinion the Commission is obliged to seek before taking a decision. In the Distillers case, still pending before the court, the Commission failed to present the Advisory Committee even with the minutes of the hearing, but the Commission made available to the advisory committee the complaint lodged against Distillers by Bulloch, asserting that Dis-

tillers have a monopoly position. On the basis of the material submitted by the Commission, Dr. Sauter, the representative of the Federal Cartel Office on the committee, came to the conclusion that "D.C.I. is making rather a big demand in requesting an exemption for its system of quantitative distribution when it enjoys a monopoly position."

However, Distillers were shown only a censored version of Bulloch's complaint from which all reference to their monopoly position had been removed, so that it had no reason to defend itself against this secret accusation.

The Commission also censored that part of Bulloch's complaint in which the Glasgow company admitted that it could not penetrate the Belgian market with its own brands of whisky because it could not afford the heavy advertising expense. This confirmation of Distillers' argument that their Continental distributors had to carry the burden of advertising for which they deserved price protection would surely have been useful to the defence, particularly coming from the adversary. Yet the Commission

persevered in the double fallacy that this statement of Bulloch's was irrelevant and, consequently, should not be disclosed to Distillers.

In spite of this evident unfairness which has also been manifested in other cases, the Commission's spokesmen insist that the Commission's internal system of checks and balances, validity whenever used in national courts for breach of contract.

Until recently this uncertainty was believed to be only temporary though lasting many years until the Commission reached a decision. More recently, however, the Commission has adopted a new practice. It simply asks the companies to amend the agreement, or declares straight away that it does not intend to take any action. The notification is then put on the "dead" file—and the agreement remains provisionally invalid for ever. "The Commission is finding more and more frequently that firms change their agreements and behaviour to comply with community competition rules of their own accord without a formal decision being taken," said Commissioner Votel in the European Parliament.

No great harm is done if the notification placed on a "dead" file is covered by one of the few regulations which exempt agreements of certain types from the impact of the competition rules. However, when this is not so the companies concerned are placed in the sort of untenable situation well illustrated by the series of French perfume cases now pending before the European Court. All the great names of France are involved—Guerlain, Rochas, Lanvin, Nina Ricci—as well as the French subsidiary of the

Canadian company of Estée Lauder.

The hearings in all the five cases had already once been closed by the delivery of the opinion of Advocate General Herr. Gerhard Reischl. He concluded that the Commission did not initiate a proper procedure; did not consult the advisory committee, and did not adopt any decisions. The letters signed by the Commission's officials, and saying that no further action would be taken, were not good enough to establish the validity of these agreements under EEC law or to condemn them under French law as long as such decisions did not hinder the uniform application of EEC rules of competition.

Such a degree of perpetual legal uncertainty was too much even for the European Court. It has now decided to reopen the hearings, something which it almost never does. A new hearing will take place at the end of April.

The court now has an exceptional opportunity for improving the credibility and effectiveness of EEC competition procedures. In the Distillers case it can reaffirm the rights of defence, and in the perfumeries case it can re-establish the provisional validity of notified agreements which it mistakenly removed in 1974.

\*90/78, 1253/78, 1, 2, 3, 37/79.

## Irish can land Topham again

THE GRAND NATIONAL meeting gets under way this afternoon at Aintree, where all the races carry \$4,000 or more of added prize money.

Given good weather and reasonably favourable results for punters on this opening day, the meeting could well attract its biggest attendance for many a year.

Twelve months ago, Ireland took the afternoon's feature

strongly made bay gelding, has improved a good deal since autumn at Aintree, where at Leopardstown on March 5, and will be seen to advantage over the stiff fences.

Thirty-five minutes after the Topham, the huge Irish contingent may be cheering home another from their country for Drumorga looks to be leniently treated with 10 st 9 lb in the Holiday Inn Chase.

Looking ahead to the Grand National, Playboys reports a £1,000 cash bet at 50-1 in one of their shops for The Pilgric, whose odds have been slashed to 33-1. A runner in the last three Nationals, the Fred Rimell-trained Royal Buck gelding came close to winning two years ago when he beat less than three lengths by Lucius.

The Pilgric is a half-brother to the dual Gold Cup winner and National hero of

1975, L'Escargot, as well as to What A Buck (sixth in 1977) and to Filigree who got to the fourth from home last year.

The Pilgric, still available at 40-1, is one of three Rimell runners. The Kinneress trainer, responsible for the 1956 Grand National winner, ESS, Nicolas Silver (1961), Gay Trip (1970) and Rag Trade (1976), also saddles Royal Frolic and Another Dolly.

**2.00—Claydon**

**2.35—Giolla Deachair**

**3.10—Drumorga\***

**3.45—Prayanka**

**4.30—Rella Rambler**

**4.50—Alek**

**STOCKTON**

**1.45—Our Foxbar**

**2.45—Saint Jonathan\*\*\***

**4.15—General Times\***

## RACING

BY DOMINIC WIGAN

event, the Topham Trophy, through Arctic Air. It may well be that Giolla Deachair will do the trick in the Irish this time. Giolla Deachair, a

Focus, 3.53-3.55 Northern Ireland News, 5.55-5.57 Scene Around Six, 6.55-7.00 Sportsweek in Northern Ireland, 11.40 News Headlines, 11.44 Tomorrow's World, 12.00 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Wales Today (Cardiff); South Wales Today (Southampton); Spotlight South-West (Plymouth).

all IBA Regions as London except at the following times:—

**ANGLIA**

1.25 pm Anglia News, 2.45 House-Party, 3.15 Firehouse, 3.45 Looks Familiar, 4.15 The Bubble, 4.45 The Next Week Show, 5.15 Emmerdale Farm, 6.00 About Anglia, 6.30 Ants, 7.00 News, 7.30 The Saturday Club, 8.00 The Saturday Club, 8.30 The Saturday Club, 9.00 The Saturday Club, 9.30 The Saturday Club, 10.00 The Saturday Club, 10.30 The Saturday Club, 11.00 The Saturday Club, 11.30 The Saturday Club, 12.00 The Saturday Club, 12.30 The Saturday Club, 1.00 The Saturday Club, 1.30 The Saturday Club, 2.00 The Saturday Club, 2.30 The Saturday Club, 3.00 The Saturday Club, 3.30 The Saturday Club, 4.00 The Saturday Club, 4.30 The Saturday Club, 5.00 The Saturday Club, 5.30 The Saturday Club, 6.00 The Saturday Club, 6.30 The Saturday Club, 7.00 The Saturday Club, 7.30 The Saturday Club, 8.00 The Saturday Club, 8.30 The Saturday Club, 9.00 The Saturday Club, 9.30 The Saturday Club, 10.00 The Saturday Club, 10.30 The Saturday Club, 11.00 The Saturday Club, 11.30 The Saturday Club, 12.00 The Saturday 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## THE ARTS

## Record Review

## Post-romantic orchestras

by DAVID MURRAY

Mahler: Symphony No. 9 Klaus Tennstedt / London Philharmonic. EMI SLS 5188 (two records).

Schoenberg: Gurrelieder. Jessye Norman, James McCracken, Tatiana Troyanos, Werner Klemperer and Kim Scowen with Ozawa/Boston Symphony. Philips 6769 038 (two records).

Debussy: 3 Nocturnes. Iberia (Images No. 2). Jeux. Mazel / Cleveland Orchestra. Decca SX1 6904.

Berg: Violin concerto. Stravinsky: Violin concerto. Itzhak Perlman with Ozawa/Boston Symphony. DG 2531 110.

Transcriptions of Debussy, Berg and Schoenberg. Boston Symphony Chamber Players. DG 2531 213.

Stravinsky: Apollo. Orpheus. John Lubbock/Orchestra of St. John's. Smith Square. Enigma Classics K53565.

Nicholas Maw: Life Studies. Neville Martinier/Academy of St. Martin-in-the-Fields. Argo ZRG 899.

"Post-romantic" music is a disparate collection, the only criterion being that it should in one way or another represent a reaction against the better-defined Romantic tradition, rather than a continuation of it. By that standard, as by any other than that of technical mastery, Mahler's place, and his Ninth Symphony occupies the no-man's-land triumphantly, despite all its surface despair and disintegration. Heard in one way, it is an intellectual development of the "Pathétique" Symphony of Chaiikovsky (whom Mahler respected); in another, it is a longing, retrospective view from an irretrievably post-romantic place, all deliberate and self-conscious construction. It can bear many readings, and Klaus Tennstedt's new recording with the L.P.O. offers one of special weight.

Tennstedt plays the Symphony for the notes alone—not

coldly, but as if the whole strength of the work belonged within the classical symphonic tradition. He neither wrings the withers of the tunes, nor reads the first and last movements as Romantic tone-poems, nor allows the orchestration of the second and third to sound like savage parodies of Romantic models. The performance has great breadth, and a spacious acoustic (which takes any edge of bright hysteria off the *Ländler* movement, and the dry snarl from the Scherzo). The symphonic argument is beautifully and strictly realised; the result is less immediately tender than Bruno Walter's, less dramatically stern than Klemperer's, less black and violent than Holt's. The proof of the pudding is the coda of the final Adagio, which Tennstedt earns the right to sustain daringly: it is cogent and quite unsentimental, and thus very moving. About the whole performance, my only reservations are that the L.P.O. strings lack sheer mass against the wind (notably in some first-movement climaxes), and that the approach to the first-movement recapitulation—*un ein scherzer Kondukt*—is not loud enough to sound inevitable and tragic. Every other version leaves room for argument, too: this one has great distinction.

Seiji Ozawa's virtue is a kind of cosmopolitan omniscience, an acute sense of the basic musical requirements without any particular Western roots. His account of Schoenberg's *Gurrelieder* of 1900-11 is exact, and sumptuously recorded; in a sense he misses any close sympathy with Schoenberg's specific gestures—the old Kubelik recording comes nearest—and in another sense that shouldn't matter, in a score of such expansive proportions. Here the broad proportions are just right, and among the solid team of vocal soloists Jessye Norman is magnificent as the Isolde-figure of the narrative.

The Wood-Dove is Tatiana Troyanos, scarcely less strong and subtle. It makes an exciting whole, and may well nudge the *Gurrelieder* back into the mainstream repertoire.

Ozawa's astuteness is still more telling in his version of Berg's Violin Concerto with Perlman. The orchestral part is radiantly detailed (granted the usual assistance by the engineers with the important harp part). In some respects beyond any other recording, Perlman himself is in impeccable form, as he is also in Stravinsky's Concerto; he is excruciatingly kept in the foreground, but no musical substance is lost in the balance. I do not see how either performance could be significantly bettered, and the Berg is quite treasurable.

Mazel's Debussy collection on Decca, an attractive assemblage, is sturdily poised music-making, with small concession to tinted effects. There is little Impressionist "mystery" in these performances, but the music sounds more persuasively argued for that: the "Sibyllen" of the Nocturnes are directly seductive, not at all other-worldly, and *Jeux* is more like and energetic than visionary. In this demythologising vein, the Boston Symphony Chamber Players' record is a sharp tonic. Without their orchestral cushions, Schoenberg's *Kammersymphonie* op. 9 (transcribed by Webern for five instruments) and Debussy's *L'Après-midi d'un faune* (reputedly transcribed by Hanns Eisler) sound concentratedly lean, but not emaciated. The playing is so good, but for the too-forward piano, that the too-forward piano seems less restricted than just renewed.

The Berg is not really a transcription, but the composer's own version for trio of the Adagio from his *Kammerkonzert*, with a lovely account of the (first) solo violin part by Joseph Silverstein.

Stravinsky's post-romantic string writing is of course neo-classical, though in both *Apollo* and the later *Orpheus* it makes honestly respectful bows to Chaiikovsky. John Lubbock and his St. John's Smith Square players are sensitive to that and to almost everything else in these exhilarating scores, and are excellently recorded; only the balletic side of the music is played down, with lighter and less rebounding basses than Stravinsky used to demand. The style here is satisfyingly like the more robust, more robustly Maw's string writing in his *Life Studies* set is—well, romantic above all: enormously resourceful, often ravishing, brilliantly varied in density and pace. Though the music occupies a contemporary middle ground, it does not play safe: Maw pursues his own ideas tenaciously, and he may have surprised even himself in this fine work. After several hearings one's pleasure is undiminished, and one's admiration still increases. The Academy performance is exemplary.

## St. John's Smith Square

## Janice Chapman

by DAVID MURRAY

The Australian soprano Janice Chapman reappeared on Tuesday night in recital with David Harper in a fairly wide-ranging programme. Duparc and Brahms came off best, perhaps just because Miss Chapman had by then tested out the hall, and was projecting her songs into its gently booming recesses with fuller confidence. The Handel aria with which she had begun found her sacrificing tone to flexibility, and throughout her first half Mr. Harper's extreme reticence suggested that he feared being overheard. When he could be heard, his accompaniments had much musical refinement; but he offered no supporting drive, and I suspect that patches of sagging pitch from the soprano resulted simply from her being unable to hear what he was doing better than we could.

Wagner's *Wesendonck-Lieder*, which include the two famous Tristan sketches, were becalmed beyond even what their hot-house climate suggests. At dangerously relaxed tempi, with Harper's whispered piano-parts making hardly a ripple, Miss Chapman was content to voice them mildly; no phrase seemed to proceed in any purposeful

direction. A new set of songs by Don Ray on verses of Robert Graves sounded brighter, but one could have judged that better given some clue to the words—it was over-optimistic in St. John's not to print them in the programme.

Among Miss Chapman's Duparc group, "Phidyle" and the evergreen "Invitation au voyage" had much more vitality, and their crystalline piano writing came across to good effect (if not, probably, to the back row). The fairy-tale delicacy of "Au pays où se fait la guerre" was rendered even a little too robust—it suggested a prosaic bourgeois scene. A certain heartiness suits many a Brahms song very well, and in the five she chose Miss Chapman sounded operationally engaged on friendly territory. Mr. Harper, on the other hand, retreated once more to his passive stance, contributing less than his share to those songs which are really voice-and-piano duets. The impression remained that Miss Chapman is happiest in full operatic cry, too ready to drift aimlessly in songs on a smaller scale.

## Arts news in brief

The Chester recorders, the only complete set of Breton recorders surviving in Britain, will be heard in a concert at St. John's Smith Square, London, on April 1.

The four recorders from the Grosvenor Museum, Chester, were made by French-born Peter Bressan in London before 1731. They belonged to the Cholmondeley family and were presented to the Chester Archaeological Society after being discovered in an attic in 1845.

According to Alan Davis, the Birmingham-based recorder player presenting the concert,

it will be the first time the set has been heard in London.

The International Chopin Piano competition will take place in Warsaw from October 2-19 this year, the tenth competition since its was first held in 1927.

The 25-person jury includes Martina Argerich from Argentina and the Austrian Paul Badura Skoda.

Entries for the competition, which is open to pianists aged between 17 and 30, close on May 1.

Leonard Burt  
Robin Nedwell, Ursula Mohan and Peter Blake

## Churchill, Bromley

## The Promise

by B. A. YOUNG

It becomes increasingly evident that the success of Arbuzov's play when it was first seen in Oxford and London was due to its glamorous casting—Jan McKellen, Ian McShane, Judi Dench. I don't mean that there's anything wrong with the casting at Bromley (Robin Nedwell, Peter Blake, Ursula Mohan); they fit admirably into their parts. But the more often I see the play, the emptier it seems.

Its plot follows the rivalry of two men for the hand of a woman. They first meet in 1942 in a crumbling room in Leningrad (Roger Beck, designer)—18-year-old Marat, who wants to build bridges when he grows up, 17-year-old Leonid, who wants to be a poet, and almost 16-year-old Lika, who wants to be a doctor like her mother. We meet them again in 1946: Marat is a Hero of the Soviet Union, Leonid has lost an arm. Lika is a second-year medical student. Leonid's misfortune gives him a sentimental advantage, and although he shows signs of incipient alcoholism, Lika marries him.

The final confrontation comes in 1950. Marat has built six bridges, apparently, single-handed (Arbuzov's characteris-

tion is superficial, ornamental, rather than analytic), but Leonid's poems are unsuccessful and Lika is only an "attached superintendent," not a research specialist. Marat, to whom Peter Blake gives an unsympathetic, hectoring manner at this stage, makes it clear that Leonid ought to go out and face the world in order to fulfil his youthful promise. Leonid cheerfully does so, leaving without an overcoat on New Year's Eve in Leningrad (one of director Philip Partridge's few minor errors in a generally good production), and Marat moves in.

Now Arbuzov never believes in permanent emotional relationships. His heroes and heroines marry, divorce, live together, separate as casually as sparrows, and for me this makes it impossible to care about their affections. It can be argued that the theme of *The Promise* is not love and marriage, but achievement of ambition, yet the machinery with which it is presented runs on love as its fuel. And as there could so easily be a fourth act in which Leonid comes back after a literary success, to oust Marat when his latest bridge falls down, the relationships of these three easily-satisfied young people don't seem to matter at all that much.

## Berlin Theatre

## The Investigation

by RONALD HOLLOWAY

When the talented young stage director, Thomas Schulte-Michels, presented last year a daring production of Peter Weiss's *The Investigation* (*Die Ermittlung*) in the provincial town of Moers, near Düsseldorf, he had the current Majdanek Trial as a handy frame-of-reference, and the trial is still going on, and the revelations leaked at Düsseldorf still chill the blood as only news on the Jewish Extermination Camps can. Critics greeted the concept of a "rite-of-investigation" via talk-show gags, this-is-your-life puns, painted faces and gaudy costumes as the kind of eye-opener the provinces have become noted for in these days of unimaginative Staatstheater. Then Schulte-Michels's version of *The Investigation* was invited to Berlin by Kurt Hübner, Intendant of the Freie Volksbühne, and became the focal-point of controversy. Heinz Galinski, the leader of the Jewish community in Berlin, protested against the director's "lack of taste"—and he was right. After a few days, the playwright Peter Weiss

announced that he was in favour of the production staying on the boards—and he is probably also right in doing so. Now, a few weeks after the March 8 premiere, Kurt Hübner is introducing each presentation and leading a discussion afterwards. Is it worth it? *The Investigation* was written in 1965 as an Oratorium, a verbal hymn for the Auschwitz dead. Now we have a kind of satirical review by third-rate actors who recall what the Living Theatre and Pip Simmons meant to a snuggled establishment a decade or more ago. And this "show" isn't taking place in a cellar or a laboratory theatre or a Werkstatt, but on the stage of the Freie Volksbühne where some 400 visitors can enter into a reconstructed rite-of-investigation with a lighted ring and a hanging balcony.

If the new generation in Germany should wish to become acquainted with the Holocaust, then my recommendation would be a viewing of Ebbó Demant's 80-minute documentary film, *Lagerstrasse Auschwitz*, in which killers tell their own story.

## RNCM, Manchester

## The Jacobin by ELIZABETH FORBES

*The Jacobin*, Dvorak's seventh opera, was staged on Tuesday in a co-production with Welsh National Opera, at the Royal Northern College of Music in Manchester. The work, partly comic in the style of Lortzing, partly nationalistic in the way of Debussy's *Die Meistersinger* (his previous opera), is not an easy one for students, but Adrian Slack's production, designed by John Cervenka and, sung in English in a new translation by Rodney Blumer, offers splendid opportunities to the College chorus and orchestra, which are enthusiastically grasped—too enthusiastically, in the latter case.

David Jordan, the conductor, draws excellent playing from his orchestral forces, who attack the gloriously melodious score with commendable vigour, but he encourages them to engulf the singers far too frequently, drowning the words. In the circumstances it is impossible to comment on Mr. Blumer's translation, since three-quarters of it remains unheard. The attractive sets, with skeletal metal framework and painted silhouettes to suggest the Moravian village, allows for the instant entrance of the chorus and gives a spacious feeling to the Opera Theatre's stage.

Bobus, the protagonist, far from being a Jacobin, has in fact had to fly for his life from Revolutionary Paris. The dispossessed and disowned son of Count Hrab, he returns home with his wife Julie to claim his inheritance just as the Count is about to resign his property and power to Adolph, his villainous nephew. The peasant element, Schoolmaster Benda, his pretty daughter Terinka and her lover Jiri, claims most of the first two acts. In the third the Count, after an affecting scene with his unknown daughter-in-law, is reconciled with Bobus. Adolph and his supporter, the pompous Steward who has designs on Terinka, are discomfited. Rather naturally, in a student

performance the youthful couple Terinka and Jiri emerge as the most successful characterisations. Jennifer Sharp, a charming Terinka, sings with vivacity. As Jiri, Graham Macfarlane uses a light tenor lyrically. Benda, a character tenor role, is amusingly played by Philip Cressy, who manages his rehearsal scene, the best-known number in the opera, with great good humour; the chorus reciprocate by singing his Serenade with tremendous verve. Stephen Briggs (Bobus), Patricia Cameron (Julie) and Paul Hodges (the Count) do their best with roles requiring larger voices and greater stage experience.



James Griffiths, James Cairncross and Marjorie Bland

## Bristol Old Vic

## Plenty by MICHAEL COVENEY

There is a grim irony in reviewing a play called *Plenty* on Budget Day, especially when belt-tightening in the public sector of the economy has become the most frequently heard war cry from the present Government. David Hare's evocative lament for post-war idealism, the days of peace and plenty that received a boost with the Festival of Britain and a severe knock with the Suez catastrophe, remains a pungent backdrop to the spiritual decline of a strong-willed heroine.

Susan Traherne, like so many of Mr. Hare's memorable ladies—in *Knuckle* on the stage, in *Licking Hitler* and *Dreams of Learning* on television—is a mad, strange and private person tailor-made for the talents of Kate Nelligan. Miss Nelligan played all four parts, investing them with a mysterious, defensive sexuality with aggressive social overtones. In *Dreams of Learning*, madness seemed to be both the price and

the cause of metropolitan promiscuity. In *Plenty*, Susan loses her grip as marriage to a low-flying diplomat fails to measure up to the remembered experience of camaraderie and aspiration in her role of courier among the undercover agents in the French Resistance.

It is a piece of dazzling technical prowess in which the jump-cutting structure is enlivened by vivid daubs of writing in a bohemian Pimlico flat where Susan is clutching at straws in a succession of unsatisfactory jobs; by the river in 1951 as, underneath the Festival lights, she picks up a rationing card to father a child who never arrives; at a brilliantly written dinner scene where an old diplomat, about to be submerged for his misadventures over Suez, witnesses a frightening outburst of critical despair in Whitehall, where Susan is told by a diplomatic person-chief that her husband is being held back, possibly because of her, and

that there are qualities more valuable in diplomacy than being right or wrong.

The characteristic moral anger of this playwright burns like a laser through the writing, but never at the expense of the style. And Marjorie Bland shows that a more direct approach than that adopted by Miss Nelligan at the National Theatre two years ago can also pay off. It is a fine performance and it receives fine support from James Griffiths, James Cairncross, Cecily Hobbs and Andrew Hilton.

If David Tucker's production seems like a second carbon copy of Mr. Hare's own National version—even the Knightsbridge furnishings are identical—it is nonetheless a confident piece of staging on the large scale. The bright French sunlight and Susan's optimism finally fade leaving her in silhouette like a little lost Alice. That, as the play has demonstrated, is how things turn out.

## Country Cousin

## Wall Street Crash

Not everyone is economy minded these days. Wall Street Crash, the cabaret at Country Cousin for the next two weeks, has depth if nothing else—eight singers, plus a ten-piece band. It must be love that persuades such a mob to split the take, and it is—love of the quality pop songs of the past four decades sung in the reverential manner usually reserved for cathedral choirs.

Wall Street Crash came together on Oh Boy!, the stage show and subsequent television programme, which milked the music of the late fifties and early sixties. A common fond-

ness for singalongs has encouraged them to experiment with a much broader range of sounds, opening with "Kalamazoo," continuing through "Eight to the Bar," with an aside of "Mamie" in a barber's shop quartet treatment, and culminating in such rock standards as "Love Letters" and "You've lost that loving feeling." You must have had your fingers in your ears since 1940 not to be affected by some of a very eclectic bunch of songs, nicely put over in a Manhattan Transfer squared style—perhaps more like the Circle Line in the rush hour.

Indeed, the very weight of numbers reduces the impact.

Such close harmonies demand smooth ensemble acting and a few strong personalities to settle the eye. The Crash probably need to thin out before they make a visual impact to fill out the nice noises, although, as usual, Richard Piper is good with the rock and gospel stuff and Jean Jeanie looks too pretty for comfort. There must be a demand for such intelligent entertainment which, with its mix of the familiar and the "I'd like to hear that again," pleases and teases. But before a good idea becomes a paying proposition a tough producer is required to smooth the rough edges and quicken the pace.

ANTONY THORNCROFT

## NOTICE OF ISSUE

Application has been made to the Council of The Stock Exchange for the undermentioned Stock to be admitted to the Official List.

## ABRIDGED PARTICULARS

## Mid Southern Water Company

(Incorporated in England on the 27th July, 1893 by the Frimley and Farnborough District Water Act, 1893.)

## OFFER FOR SALE BY TENDER OF £5,000,000

## 10 per cent. Redeemable Preference Stock, 1985

(Which will mature for redemption at par on 30th April, 1985)

## Minimum Price of Issue—£98 per £100 Stock

yielding at that price, together with the associated tax credit at the current rate, £ 14.57 per cent.

This Stock is an investment authorised by Section 1 of the Trustee Investments Act, 1961 and by paragraph 10 (as amended in its application to the Company) of Part II of the First Schedule thereto. Under that paragraph, the required rate of dividend on the Ordinary Capital of the Company was 4 per cent. but, by the Trustee Investments (Water Companies) Order 1973, such rate was reduced to 2.5 per cent. in relation to dividends paid during any year after 1972.

The preferential dividends on this Stock will be at the rate of 10 per cent. per annum without deduction of tax. Under the imputation tax system, the associated tax credit at the current rate of Advance Corporation Tax (  $\frac{3}{7}$ ths of the distribution) is equal to a rate of 4  $\frac{2}{7}$ ths per cent. per annum.

Tenders for the Stock must be made on the Form of Tender supplied with the Prospectus and must be accompanied by a deposit of £10 per £100 nominal amount of Stock applied for and sent in a sealed envelope to Deloitte Haskins & Sells, New Issues Department, P.O. Box 207, 128, Queen Victoria Street, London EC4P 4JX marked "Tender for Mid Southern Water Stock", so as to be received not later than 11 a.m. on Wednesday, 2nd April, 1980. The balance of the purchase money is to be paid on or before 30th April, 1980.

## STATUTORY AND GENERAL INFORMATION

The Company was incorporated by special Act of Parliament in 1893, and now supplies water in an area of approximately 580 square miles in parts of Berkshire, Hampshire, Surrey and Sussex to a population of approximately 622,000. In addition, large supplies of water are afforded under agreements to various Government Establishments. The length of trunk and service mains is some 2,407 miles and the average daily quantity of water supplied by the Company is 40 million gallons.

The present issue is being made to provide funds for capital expenditure to be incurred on new works, trunk mains and extensions of mains, necessary to meet the steadily increasing demand for water and to provide for the redemption at par, on 30th April, 1980, of £2,000,000 10 per cent. Redeemable Preference Stock, 1980, in accordance with its original terms of issue. The Company's programme of capital expenditure is a continuing one and further capital will be raised as and when required.

Copies of the Prospectus, on the terms of which alone Tenders will be considered, and Forms of Tender may be obtained from:—

Seymour, Pierce & Co.,  
10, Old Jewry, London, EC2R 8EA.

Barclays Bank Limited  
65, High Street, Camberley, Surrey GU15 3RQ.

or from the Offices of the Company at Frimley Green, Camberley, Surrey GU16 6HZ.

# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Keeps everyone in contact

MULTITONE has chosen Comms 80 Exhibition (Birmingham April 15-18) to launch two new pagers.

Digital 90 provides rapid access to up to 1,000 receivers with no need for paging control centre or operator, and effectively converts every telephone extension into a paging terminal.

The initiator of a call simply dials an access number on the internal telephone, the number of the pager to be called, an alert tone coding digit and the numerical message to be displayed on the pager.

A new digital radio paging receiver, the RB160, provides a large, easy-to-read numerical display, a range of distinctive acoustic call-codes ("beep signals"), a loudspeaker for high-quality voice reproduction and "vibrator alert" as an alternative to sound where ambient noise levels are excessive.

The RB160 is suitable for use with systems of all sizes: from

less than 10 receivers to as many as 10,000. Up to four pagers can be called every second, thus enabling the RB160 to meet the requirements of large and busy systems. The pager also has call memory and "silent alert" facilities, an "out-of-range" warning and the ability to receive group alert calls.

It was developed from RB151, a digital pager, with numerical display, widely used throughout the world.

Other equipment on show will include the Access 1800 radio paging system, which offers either single- or dual-channel operation on one or more frequencies. A choice of two-tone or digital call code formats is also available, depending on the types of pagers and system capacity required. Several users can share one system, each user having access through his own control facilities.

Multitone Electric Company, 6-28, Underwood Street, London N1 7JT. (01-253 7611.)

## AUTOMATION

### Compact controller

HAVING SOLD over 100 of its powerful MPC80 process controllers to a customer list that includes ICI, Shell, BP and the CEBG, Negretti and Zambra has moved down market slightly with the MCP85, a compact microprocessor driven system which can handle up to 32 control loops to provide real time batch or continuous control, sequencing and data logging from as little as £250 per loop.

Front panel of the machine contains 24 function buttons which can be programmed to suit the application, numerical keyboard and a six line display.

The controller is shipped with all the necessary standard operating software ready for the user to key in the information for a dedicated application. However, within the total of 64K of memory are user programmable PROM and the machine is unusual in having a built-in PROM programmer.

Apart from a real time executive program the standard software includes an on-line editor which allows the plant engineer to write new control programs while the unit continues to control the plant.

Also included is an engineer's programme which allows the set points for temperature, level and so on to be altered. In all, the MPC85 can run up to 16 programs and 15 sub-programs each having up to 64 steps. One of these can be devoted to communications with a host computer while another will enable the number of functions in the user's database to be altered.

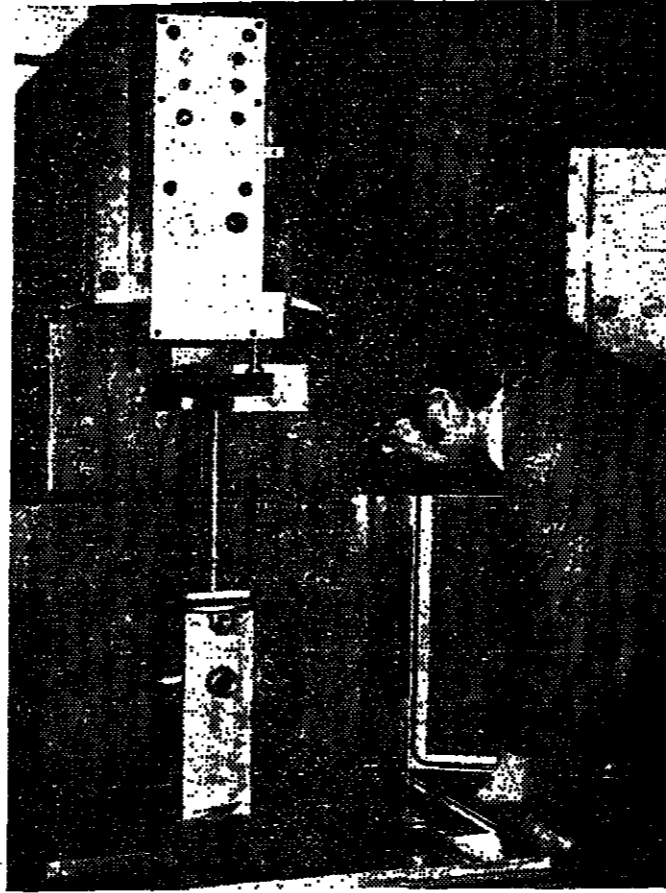
In terms of process parameters the software meets the customary needs of linearisation, three term control, sequencing and floating point variables.

Negretti and Zambra is at Stocklake, Aylesbury, Bucks. HP20 1DR (Aylesbury 5931).

## METALWORKING

Setting up a copper electrode and the brass casting for a microwave guide chamber at Multibore (Spark Erosion), Luton, before machining the inside of the chamber by deep sinking electric discharge in a tank of oil. An Agie 20-20 machine supplied by Matchless Machines, Bletchley, is used to machine the inner wall of the 14 in long casting to a squareness of .002 in.

The company specialises in one-off work of this kind and in using EDM (electric discharge machining) on all types of electrically conductive materials, not just on the very hard materials with which the technique is normally associated. Matchless will be showing the British made Agie 10-20 and 20-20 machines at Mach 80. The company is at Horsham 60271.



### Fast gear production

IDEAL for the high speed precision manufacture of spur and helical gears, worm gears, spline shafts, sprockets, ratchet wheels, serrations, and other profiles a new gear hobber is to be marketed by W. E. Norton (Machine Tools).

Norzar 200 has a solidly constructed hob head with wide prismatic slideways, permitting heavy duty cutting combined with maximum stability.

Ample power of 7.5kW (10 hp) from the main drive and hob speeds up to 500 rpm allow the use of carbide hobs.

Automatic hob shift, ensures even distribution of wear along the whole length of the hob, thereby increasing cutter life between regrinds and reducing

idle cutting times caused by hob changes.

Full automatic cycles for both conventional and climb hobbing are fitted, incorporating operation of the hob shift, coolant supply, and tailstock, and stopping of the machine at the completion of the work cycle.

A radial in-feed for cutting worm wheels is also provided. The machine accommodates a maximum workpiece diameter of 205 mm (8 inches) a maximum face width of 104 mm (4 inches), and has nine spindle speeds from 80 to 500 rpm.

W. E. Norton (Machine Tools) Gear Division, West End Road, High Wycombe, Bucks. Telephone 0494 26222.

## TRANSPORT

### Stronger roof hatches

SHOULD A coach be involved in an accident which causes it to roll over, its roof hatch would seem to be the most vulnerable area for impact. A company which has examined this possibility is offering a new range of roof hatches for use in coaches and other public service vehicles.

Constructed from a double skin of thermoplastic material combined to give exceptional strength the hatches are fitted with mechanisms which give a

range of 10 positions (from fully closed to fully open) and an emergency mechanism which allows the hatch to be used as an escape exit.

The top is retained by a cord after release to prevent the hatch falling off the vehicle if mis-used when the vehicle is in motion, and the escape mechanism can be re-set without special tooling, says Widney Engineering, Plume Street, Aston, Birmingham (021-327 4730).

## PROCESSING

### High output clarifier

SELF-CLEANING clarifier, type SA 160, has been introduced by Westfalia Separator as an economic replacement for two or three conventional sized clarifiers in the food, beverage, chemical and pharmaceutical industries.

It is claimed to be the largest roade, with a bowl weight of approximately 2,000 kg and a solids holding capacity of 58 litres. The clarifier has a throughput capacity of 150 cubic metres per hour.

Cost of installing the one clarifier is much less than that of installing two or three smaller units, making the SA 160 particularly suitable for the continuous clarification of large volumes of product streams.

Smooth, vibration-free operation will prolong machine life and this has been achieved with a completely new concept of drive and insulation method where the motor is mounted on a separate frame to eliminate vibration transfer and minimise maintenance costs.

The hydraulic system of the self-clearing bowl allows solids to be ejected at maximum speed under full control of a stored programme timing unit with visual display.

Westfalia Separators, Habig House, Old Wolverton, Milton Keynes, MK12 5PY, 0908 313366.

## INSTRUMENTS

### Detects level of fluids

LIQUID level detectors which will find the height of liquids to an accuracy of  $\pm 0.5$  mm in clear, coloured or opaque containers, without the use of gamma ray techniques, are offered by Hiltroft Packaging Systems, Knutsford, Cheshire.

Liquid level detection with this equipment is based on the use of non-contact infra-red detectors. Light signals utilised in the detection process are modulated and are thus independent of ambient light levels. The system will meet a wide range of level detection requirements including liquids which are almost transparent in the visible spectrum.

The level detection can set acceptance limits about a predetermined mean level. Three operating modes can be selected,

giving error indication when the liquid level is outside acceptance limits: in under-fill condition; or in the over-fill condition. To achieve optimum sensitivity when applied to the opaque plastic containers, an automatic compensation facility is incorporated which will cover possible variations in either thickness or density of the container wall. Accuracy is not affected by foaming of the liquid.

Depending on the line conveyor speed and the shape of container being checked, the new Hiltroft level detector can be employed at production rates up to 24,000 containers per hour. Missing can detection facilities are available as optional ancillary equipment. Hiltroft on 0565 3504.

### Frequencies at a touch

DESIGNED AND manufactured in the UK plant of Gould Instruments is an easily used synthesised signal generator from which any frequency from 10 kHz to 200 MHz can be obtained by setting a few switches.

There are very few rotary controls. Frequency is set by using six thumb wheel units of a geared design which makes adjustment rapid and simple, the frequency appearing on both the thumbwheel windows and the LED display above.

Source is an oven controlled crystal oscillator giving a resolution of 0.1 Hz to 100 Hz over the range.

Standard output is one volt and this can be reduced by 119 dB in one decibel steps down to a mere 1.1 microvolts—these low levels becoming increasingly in

demand for testing modern highly sensitive radio receivers for example. All modulation types can be switch selected.

A specially useful facility is that of stepping the frequency in settable amounts over a particular band. For example, the step can be set to 12.5 kHz for the rapid testing of recently designed close channel spaced VHF/UHF receivers. The steps can be set between 0.1 Hz and 100 kHz.

The instrument can also be remotely programmed over an IEEE 488 bus and can be connected into automatic test systems.

Known as the SSG230, the unit measures 128 by 132 by 390 mm and weighs 13 kg.

Gould Instrument Division is at Roebuck Road, Hainault, Essex IG6 3UE (01-500 1000).

## DATA PROCESSING

### Prime gets a fillip

PLANNING Research Corporation International (UK) has reached agreement with Prime

a fast-growing minicomputer manufacturer, giving PRCI (UK) a sole dealership of Prime Information Systems in the UK. At the same time PRCI is offering a range of business packages on this series which have been developed by Price Waterhouse and PRC's own subsidiaries.

The Prime machines offer plus compatible upgrades to the Microdata range with an immediate improvement of 3 to 6 times the throughput from the smallest system.

In addition PRCI (UK) is offering turnkey systems services based on Prime's 50 range plus an extensive selection of its own applications software for manufacturing, transport management information, telecommunications and message switching, process control, police

systems and combined data-text processing systems.

PRCI's sole dealership agreement with Prime will give the latter an enormous fillip, even though it has been growing very fast in the UK. From 1978 with £8.3m sales advanced 43 per cent to £9m last year.

PRCI is offering the Trips system on Prime. Trips is one of the most comprehensive transport planning packages available, containing many analytical capabilities including survey analysis, model building, network analysis and system evaluation.

Trips has been developed over a period of 15 years and contains over 70 fully compatible programs for work from highway system planning to sub-area analysis, land use planning, and matrix manipulation.

PRC, St. Georges House, 9-11 Church Street, Twickenham TW1 3NE. 01-891 4021.

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MASTER BUILDERS  
known for quality  
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## COMPONENTS

### Variable speed drives

A range of variable speed drives marketed under the Revmaster brand name is based on the use of 5 sizes of variable speed modules which accommodate electrical motors of from 0.55 kW to 15 kW at 1425 rev/min. Output speed ranges of up to 6:1 can be supplied.

Variation is achieved by the use of a variable pitch circle diameter (pcd) pulley and belt principle. Adjustment of a hand-wheel varies the pcd of the pulley attached to the motor shaft, causing the belt to move up or down the pulley sheave. Simultaneously the other pulley of the pair, which incorporates a diaphragm spring, automatically compensates for the movement of the motor pulley ensuring retention of the belt tension. In fact, it looks a bit like a DAF transmission.

Hawker Siddeley, 32 Duke Street, St. James's, London, SW1Y 6DG. 01-930 6177.

### Document preparation aided

NOW AVAILABLE for use with the Nascom 1 and 2 microcomputers is a text editing and formatting package intended for use with 18K of random access memory.

It is aimed at users who want to enter text into their machine and then print it, or alternatively save it on tape for reference.

Main uses would be in the preparation of documents, drafts, repetitive letters and price lists.

The package is called Naspen and since it is aimed at inexperienced operators all the commands are direct acting and involve a single character only. It is supplied in a pair of erasable programmable read memory chips.

Nascom Microcomputers is at 92, Broad Street, Chesham, Bucks.

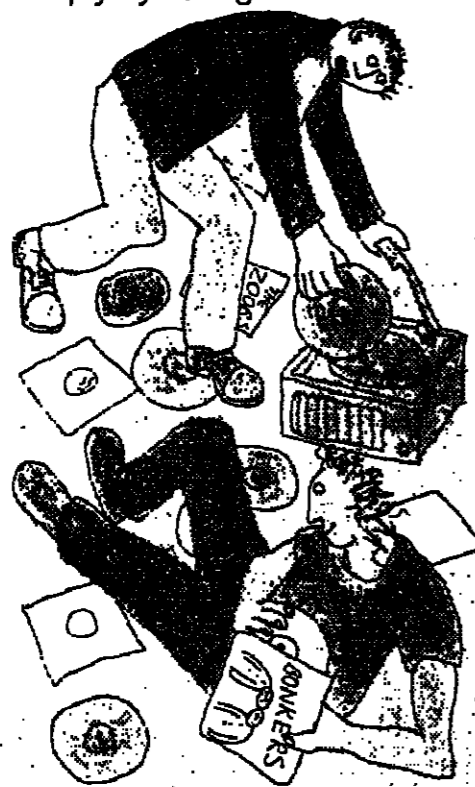
# Hoechst cares for our world.

If tomorrow is to be a more productive, more caring, more relaxed, simply saner time than today, then Hoechst has many technologies to make it happen—now.

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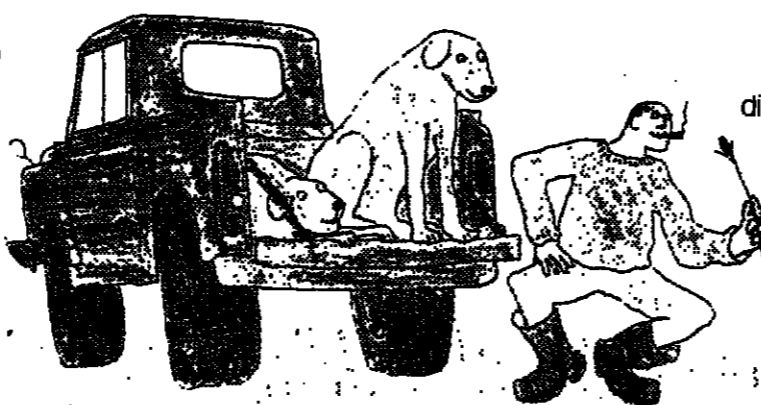
Simply by caring.



## Colours

Hoechst first built its business by its flair for inventing new dyestuffs for textiles and pigments for paints.

Today Hoechst is still innovating. An unusual example: its new fat-soluble dyes are making a big mark in the multi-million pound pop-record market.



## Eyes

Hayfever sufferers may find they are crying less and seeing more next summer.

It will be due to Clearine by Optrex—a new decongestant product to relieve allergic eye irritation.

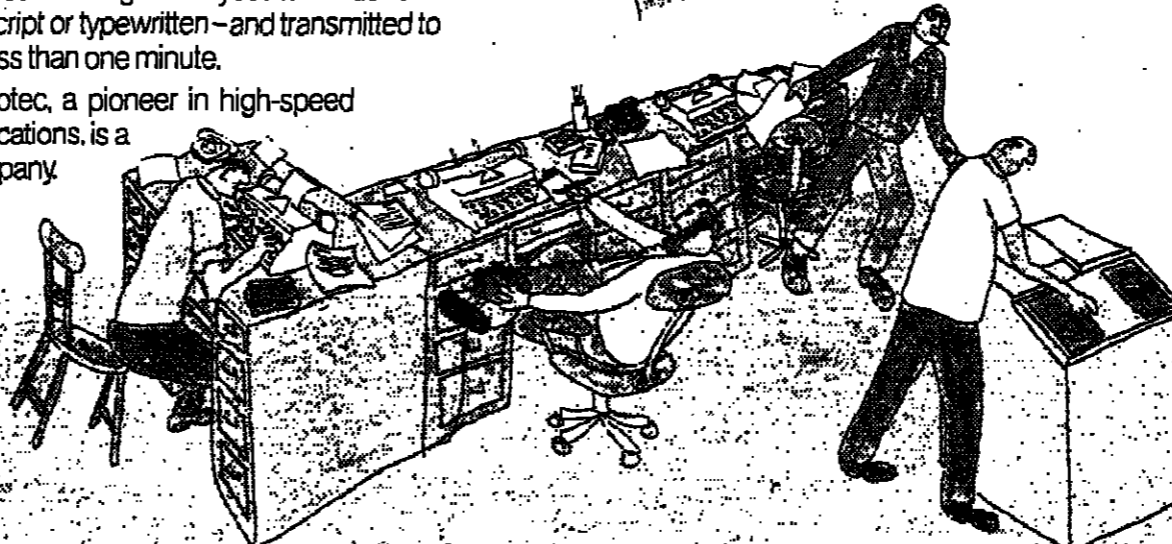
Optrex—long known in Britain for its eye care products—is a Hoechst company.

## Communications

How can you publish the Financial Times at the same time in London and Frankfurt?

With the aid of the Infotec 6000 Fax transceiver. It enables all sub-editing and layout to be done in London—in script or typewritten—and transmitted to Frankfurt in less than one minute.

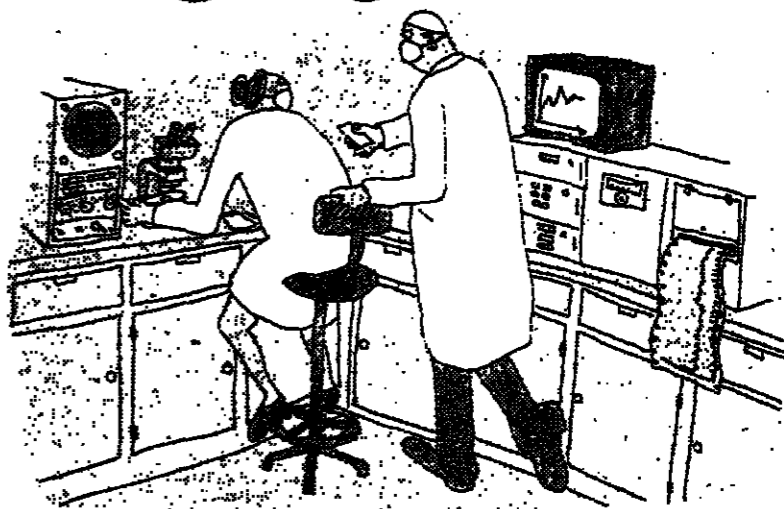
Kalle Infotec, a pioneer in high-speed telecommunications, is a Hoechst company.



## Crops

If weeds, insects and plant diseases went unchecked, Britain's farmers would lose one third of their crops each year!

Hoechst makes more than 40 agricultural pesticides, each safety-tested for five years, which save much of this wastage and ensure blemish-free produce.



## Health

Hoechst pharmaceutical research has enabled doctors to treat effectively patients suffering from conditions such as heart disease, psychiatric illness and infectious diseases.

Hoechst's continuing research efforts ensure further medical progress in these and many other fields.

HOECHST (pronounced Herkst) is one of the world's great chemical companies. More than 8,000 people work for us and our associated companies in the UK.

We are concerned with chemicals, plastics, fibres, pharmaceuticals, paints, hair preparations, dyestuffs, pigments, agrochemicals, engineering products, packaging films, office equipment, printing materials and hospital supplies.

In 1979, our UK turnover was £500 million.

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## THE BUDGET: THE CHANCELLOR'S SPEECH

## Public spending cuts • Dearer medicines

SIR Geoffrey Howe, presenting his Budget yesterday, said Britain's difficulties were so deep-seated as to make tough policies unescapable. His proposals for a further slowing down of monetary growth imply a Public Sector Borrowing Requirement of £8.5bn next year. If inflation was not tackled "stability and prosperity will continue to elude us," he said.

"In my Budget speech last June, I said that the economic situation that we inherited was a difficult one. And I stressed that it would take time to check, and then reverse, Britain's long-run economic decline. Time — and resolute commitment to the right strategy, for a period of years ahead, it is important for that strategy to reflect the right lessons of years of disappointing economic performance.

"Even in the 1950s and early 1960s our economy was lagging behind those of our competitors. But it was a period of low inflation and rising growth rates. Seen in retrospect, that period was something of a golden age.

"That was not, of course, the feeling at the time. From the mid-60s onwards we became impatient to throw the resources of Government into efforts to do better, quicker. In rapid succession we had a national plan for faster growth, devaluation, incomes policies, recurrent bouts of intervention in industry — and much else.

"The increased scale of Government borrowing from the mid-1970s as compared with the 1950s and 1960s is an example of the impatience to which have referred. Governments became increasingly addicted to deficit spending.

"This was particularly true of the United Kingdom at the time of and after the first world oil crisis. Memories of the monetary and inflationary implications of what the Government did then are still vivid. "Eventually it began to be recognised, as indeed the Leader of the Opposition said in 1976, that we can no longer spend our way out of recession. But although this breakthrough of realism had begun, the change in attitude has not gone far enough. Not everyone has yet accepted that public expenditure cannot go on growing, while the economy stagnates.

## Money supply

"Those years of often hectic Government action were equally notable for other things that did not receive the attention they deserved. As well as misjudging the importance of money supply and its proper control, we often paid no more than lip service to the role of private enterprise, and to the importance of economic change as an agent of prosperity. Successive governments acknowledged the need to reduce the power and privilege of organised labour. But in the event, its ability to damage the economy has increased.

"The outcome is familiar to us all. Our underlying rate of growth has become steadily weaker. At the same time, we have come almost to tolerate inflation at rates which would have horrified an earlier generation. "The measures taken following the agreement with the International Monetary Fund in 1976 provided a brief respite. The public sector borrowing requirement fell, monetary growth declined, pay settlements moderated. The inflation rate came down in 1977 and 1978. But the lesson was not well enough learned.

"The money supply was again allowed to expand too fast, partly through excessive intervention in the foreign exchange markets. Fiscal policy was eased and the situation deteriorated again.

## Collapse of policy

"During the 18 months to last June, the underlying growth rate of sterling M3 was nearly 15 per cent a year. This compares with the much more modest rate of about 8 per cent in the year after the IMF measures. The incomes policy of the previous Government had collapsed. Earnings also grew by at least 15 per cent a year. "Not surprisingly, it was consumer spending, which gained most from this combination of monetary expansion, tax cuts and high pay settlements. In the year before the election, the volume of consumer spending rose by more than 5 per cent a year. That was much too good to last.

"There was, indeed, a big price to pay for that short burst of apparent prosperity. Production failed to respond to the surge in demand. Imports, especially of manufactures, rose sharply. The current balance of payments, in surplus after the IMF agreement and helped by North Sea oil, moved back into deficit. And inflation moved sharply upward.

"Last year we made an important start on tackling that inheritance. We set about reducing the rate of monetary growth. We achieved large reductions in dangerously over-size public spending plans. We reduced the share of Government borrowing in the nation's output. And when, last November, the money target looked like being exceeded, we acted promptly and decisively.

"We have removed many unnecessary controls and obstacles to enterprise and individual

effort: controls on pay, prices, dividends, and on foreign exchange, which can now be used freely to acquire productive assets overseas, to the benefit of our exports and invisible earnings alike.

"My first Budget switched the tax burden from earnings to spending — and greatly reduced oppressive tax burdens on enterprise.

## Slowdown in growth

"But during the year that has just ended we have had to contend with a further major increase in world oil prices, and with a substantial rise in the price of other commodities. The strength of sterling has to some extent cushioned their impact on domestic inflation. Even so, the price of oil and other inputs to manufacturing industry has risen by 41 per cent since the beginning of 1979.

"The rise in the oil price has also had severe effects on the world prospect generally. The outlook in the coming year is for a significant slowdown in growth and a worsening of inflation everywhere.

"The year on year increase in consumer prices in OECD countries rose from about 10 per cent on average in mid-1979 to 14 per cent by the beginning of 1980. Every major country is demonstrating its determination to resist this inflation by adopting a firm monetary and fiscal policy. The inevitable immediate result is lower output and higher interest rates.

"Since early last summer rates in the major industrial countries have risen by 6 percentage points on average in the major industrial countries. This is much the same as in the UK over the same period. The increase has been even more marked where the dollar is concerned. Between May last year and the end of last week, the dollar rose by over 8 per cent to 19 per cent.

"That is part of the background against which to judge the poor short-term economic outlook for the United Kingdom. The Treasury projections published today suggest that output may fall in 1980 by up to 2.1 per cent. This is more or less in line with outside forecasts.

"It is important to understand the significance of this recession. There are some who argue, or at least seek to imply, that it is an entirely avoidable development, something which need not be inflicted upon the British economy.

"Others seem almost happy to suggest that, as far from being avoidable, this recession is no more than a foretaste of much worse that is to come. Some uniquely critical pessimists contrive to convey both impressions at the same time.

## Medium-term strategy

"The right view to take is that it is in part a consequence of the weakness in world demand, in part a consequence of our own inflation — still in excess of the money supply target — and in part, perhaps most of all, a consequence of the long run decline of our economy.

"These influences are not insuperable. We can most certainly get through the difficult year or two that lie immediately ahead. The important thing is not to allow the difficulties to prevent us setting our feet on the right long-run path.

"This is one of the reasons although by no means the only one — why I intend to consolidate the start which I made last

**"THE GOVERNMENT continues to regard the fight against inflation as the first priority. It is an illusion to suppose that we have any real choice between defeating inflation and some other course."**

year, by publishing today the Government's financial and monetary strategy for the medium term. This strategy is contained in Part II of the Financial Statement and Budget Report — better known, perhaps, as the Red Book.

"This strategy is by no means to be confused with a national plan. For it is concerned with only those things — very few of them — which the Government does actually have within its power to control.

"The strategy sets out a path for public finance over the next few years. At its heart is a target for a steadily declining growth of the money supply, that is set alongside policies for Government spending and taxation which will underpin that objective.

"It will be clear from what I have already said that the Government continues to regard the fight against inflation as the first priority. It is an illusion to suppose that we have any real choice between defeating inflation and some other course. It is quite wrong to suppose that inflation is something with

which only Treasury Ministers need be concerned. — So long as it persists, economic stability and prosperity will continue to elude us. And so, too, will social coherence. Nothing, in the long run, could contribute more to the disintegration of society, the destruction of any sense of national unity, than continuing inflation. For inflation sets workers against worker, employer against employer, and sometimes even Government against its own employees.

"The violence of the picket lines, last winter's examples of hospital patients denied supplies and of the dead denied burial, would have been unthinkable 20 years ago. They reflect the social disintegration caused by inflation. This is why the conquest of inflation is so important.

"And in the defeat of inflation, monetary policy has an essential role to play. Other countries recognise this very clearly. They recognise, too, that sustained monetary restraint is not an easy, automatic or painless solution. But they are convinced it is essential.

"They are struggling to get back towards more balanced budgets, as we must. They recognise, as we must, that inflation cannot persist in the long run unless it is accompanied by an excessive expansion of money and credit. That is at the heart of what 'monetarism' means in practice.

"It is a great pity that its practical, commonsense importance has been so confused by arid, theoretical dispute. It should never have become a term of political abuse — least of all for use by those who have in the past claimed to make a virtue of practising it.

"It is an illusion to suppose that there is any real alternative to the strategy I have outlined. Some commentators seek to blame our present difficulties on the pursuit by Government of unnecessarily tough policies. That is totally to misunderstand the position.

## Undermine confidence

"Britain's present difficulties are so deep-seated and serious as to make tough policies inescapable. Relaxed monetary and budgetary policies might bring higher output, even higher living standards, in the very short run — though even that is questionable. But in reality they would simply fuel fresh inflation.

"Such policies would inevitably undermine the confidence of financial markets, industry and consumers. The action which would then be necessary to deal with the ensuing crisis would, equally certainly, destroy jobs and our living standards still further.

"Restraint of the growth of money and credit is then essential. And it needs to be maintained over a considerable period of time in order to defeat inflation. That underlines the importance of the medium term financial strategy.

"This strategy, as I have said, sets out a four-year path for monetary growth, public spending and tax policies.

"I deal first with the monetary targets. By 1983-84, the last year covered by our spending plans, the target rate of growth of money supply will be reduced to around 6 per cent — just half the rate of growth over the past year.

"In keeping with that medium-term monetary objective, the target rate for the growth of sterling M3 in the period to mid-April 1981 will be 7 to 11 per cent at an annual rate. The base for this will be the most recent, published figures. The target will thus relate to the 14 months from mid-February this year.

"I am glad to say that monetary growth has already begun to slow down. "In the first four months after the Budget, sterling M3 continued to grow at the excessive rate — over 14 per cent — which we inherited. But in the succeeding four months it fell to an annual rate of 10 per cent. Moreover, in the earlier period, sterling M3 growth had been below that of other measures of the money supply.

"Currently, however, all the other measures, M1, total M3 and the various indicators of wider liquidity, are growing less rapidly than sterling M3. "The narrow measure, M1, actually fell over the last four months. So the turnaround in the growth of sterling M3 probably understates the extent to which the measures in the last Budget and those I took in November, have already brought monetary growth under control.

"This year's target will consolidate the substantial slow-

down in the underlying rate of growth. At the same time, the Government has agreed that the supplementary special deposits scheme — generally known as the 'corset' — should not be extended beyond mid-June when the present guideline ends.

"One of the effects of the corset has been to encourage the development of credit channels just outside the banking system, such as the purchase of bank acceptances by the private sector. This process will be reversed to some extent when the corset ends. So sterling M3 will be swollen as earlier distortions unwind.

## Increase in sterling M3

"The increase in sterling M3 on this account will not however signal a change in underlying monetary conditions. The scale of this exceptional increase cannot be precisely measured or predicted, and we will need to assess its effect both as it occurs and when the target is rolled forward in the autumn. As I hope, it can be accommodated within the target I have just announced, that will point to a further slowing down of monetary growth.

"By any standards this is a firm monetary policy. But it is an essential response to the inflation rate. As I have shown earlier, there is nothing unique to this country about what I have proposed. Other countries faced with similar problems have adopted similar remedies, as is shown by the determined measures introduced in the United States a fortnight ago.

"It goes without saying that to accompany this policy we need to have efficient methods of monetary control. We already have the means to meet our medium term objectives.

"The Green Paper on Monetary Base Control which I laid before the House last week will provide a basis for public discussion of how to improve control over short periods. The Governor and I hope to hear a wide range of views before deciding whether any further changes should be made.

"The recent pressure on companies has resulted in a strong demand for bank lending, which has contributed to the upward pressure on both money supply and short term interest rates. I am sure banks and their customers would be well advised, in the difficult economic conditions foreseen, to be cautious about the scale of their lending and borrowing. When the growth of bank lending falls back, this will add to the downward pressure on interest rates from today's measures.

## Reduction in borrowing

"But it is not intended to achieve this reduction in monetary growth by excessive reliance on interest rates. The Government's Financial Strategy, therefore, plans a substantial reduction over the medium term in Government borrowing as a percentage of national income.

"The relationship between the budget deficit and the growth of money supply is not a simple one. It is erratic from year to year. But there is no doubt of its importance, and that Government borrowing has made a major contribution to the excessive growth of the money supply in recent years.

"The consequence of excessive borrowing has been high nominal interest rates and, in capital markets, the crowding out of business by the State. This has held back investment.

"From now on, however, given the shape of the Government's plans for public expenditure, the budget deficit should be reduced progressively to between 1 and 2 per cent of output. This would be a little below the average in the 1960s.

"During a recession, of course, it is widely recognised that the budget deficit is increased by low tax receipts and high Government spending.

"Some increase in the ratio of the PSBR to the national income may be consistent with the maintenance of a given monetary target and without itself requiring increases in interest rates. But in practice, public sector borrowing has been too high during the last two years, as experience has shown.

"That lesson, and the continuing high inflation rate make a big cut in the underlying deficit imperative this year. "In 1977-78, following the agreement with the International Monetary Fund, the public sector borrowing requirement was 3.75 per cent of national income. In 1978-79, after the last Government's relaxation of policy, it rose to 5.5 per cent. In 1979-80, it has probably averaged 4.75 per cent; in money terms the latest estimate is just over £9bn.

"Despite the expectation of recession, experience shows that it would be wrong to keep the actual PSBR at its current level as a percentage of national income. "This could not be recon-



Sir Geoffrey Howe, the Chancellor of the Exchequer, checks his watch and prepares to leave his room in the House of Commons, to deliver his Budget speech.

ciled with the monetary target or with the counter-inflationary objectives of the medium-term strategy. We must not make the mistake of promising to correct the underlying weakness at some time in the future — but failing to take the necessary steps today.

## Tighter stance

"The monetary target that I have announced for the coming year will involve a substantial further slowdown in underlying monetary growth.

"If we are to meet that target without putting too much of the burden on interest rates, a Public Sector Borrowing Requirement of not more than 4 per cent of national income in 1980-81 is appropriate. This would imply a money figure for the PSBR next year of not more than about £8½bn.

"Today's proposals will leave the total yield from taxation not much changed. Taking account of the effect of inflation over the past year, and of the Government's public expenditure decisions, this represents a tightening of the budgetary stance.

"Indeed, in the absence of the substantial cuts in public expenditure since my last Budget, a very large increase in the burden of taxation would have been unavoidable.

"The Government's spending plans are published today in the Public Expenditure White Paper. They are essential to the financial strategy.

"The path we now plan contrasts very sharply with past experience and intentions. We are not making panic cuts affecting the next year or two, leaving the long-term trend unaltered. We are not just reducing planned increases.

"The level of spending is actually planned to fall steadily throughout the next four years. Without these economies, a coherent policy to reduce inflation would be unsustainable.

"Over the next few years receipts of taxes and royalties from North Sea operations will make an increasing contribution to Government revenue. Even so, the growth of revenue over the medium term is broadly dependent upon the growth of national output.

"This is conditioned by the growth of productivity, the growth of the world economy, and the speed with which we reduce inflation. "Since the first oil crisis in 1973, there has been a world-wide decline in rates of economic growth. The growth of output in the UK has been less than half its previous rate — in spite of the contribution of North Sea oil.

"The recent rise in oil prices makes it unwise to assume that world and UK output will expand faster over the next few years than in the past five.

## Cautious approach

"The projections for tax revenue in the medium term strategy therefore rest on the fairly cautious assumption that, after the recession forecast for 1980, the economy will grow by an average of only 1 per cent a year up to 1983-84.

"This will undoubtedly seem rather modest. The economy should be capable of growing faster than this. But we must learn from recent history.

"In the past, governments have almost always based their spending plans on improbably high growth rates which were well above those achieved. To plan spending on over-optimistic growth assumptions can involve actions which, in the event, prevent that forecast growth being achieved.

"We should only take credit

for improved growth performance once we have firm evidence that it has taken root. So, in preparing projections of the future of the economy, we must adopt a cautious approach.

"The Government cannot dictate the rate of growth of output. It is only as inflation subsides that there will be secure foundations for sustainable growth.

"The 1 per cent-a-year we are assuming is the same rate as was achieved in the years 1973 to 1979. We cannot prudently assume that we shall do better over the next few years, though we have every reason to hope that we can.

"The sooner inflation comes down, the faster the rate of growth we can achieve within the monetary framework.

"A firm monetary policy, as the past year has shown, contributes to a strong exchange rate. Furthermore, sterling now has some of the characteristics of a petro-currency.

"A strong exchange rate plays an important part in diminishing inflationary pressures. But, at the same time, it

obliges UK industry to restrain costs and improve its competitiveness. That requires a fundamental change in attitudes.

## Lesson to be learned

"Over the years we have sunk into an unquestioning 'cost plus' mentality, where the impression is given that whatever wage increases are agreed are simply be passed on to customers. But exporters have been learning that their prices must be related as closely to their competitors' prices as to their own costs.

"The same lesson has to be learned in pay negotiations. Just as exporters must base their prices on what their customers will pay, so pay settlements must be based upon what companies can afford while staying competitive.

"There is a need for a much greater public awareness of the link between pay increases, price inflation and unemployment. This subject has already come up on the NEDC forum, and we shall be returning to it again at future meetings.

"The more pay settlements can be moderated, the lower the transitional costs of the fight against inflation in terms of bankruptcies, lost production and reduced employment.

"It is still a widespread, if tacit, assumption in too many places that if wages and prices go up fast, the exchange rate will fall before long and restore any loss of competitiveness. This rests, not unreasonably, on repeated experience.

"But the authorities are no longer in a position to engineer a major reduction in the exchange rate in order to bail out those who have sought and granted excessive pay claims. Even if we could do this, it would create more inflation before long.

## Damaging rigidity

"It is not only in collective bargaining and selling overseas that we must move away from a blind attachment to cost plus and the idea of protection against RPI movements. The problem goes far wider.

"There are many parts of our economic life where it is right to take some account of inflation. But a very damaging rigidity has grown up in how we do it.

"For example, until recently public spending programmes were controlled entirely in volume terms without regard to changes in their costs. With cash limits an important step was taken away from an increasingly harmful practice.

"Again it has been assumed that the real value of all social security benefits must always be maintained whether production and incomes go up or down. This places the entire burden of adjustment on the working population.

"They, for their part, have responded by pressing for the income tax system to be fully indexed — and by adding to their demands for higher wages. Inevitably, a substantial part of the burden of adjustment then falls on profits, and so on jobs.

"So long as inflation persists, there has to be some measure of price protection in relation to social benefits and taxation in a civilised society. But full

protection for some is only possible at the expense of others. "The proposals in this Budget recognise both the need to offset some of the effects of inflation, and the fact that it is impossible to maintain the real value of all personal incomes when total national income is likely to fall.

"If we are to master inflation, the adjustments required of all of us are difficult, but perfectly feasible. We should beware of the fashionable but misleading parallels with what happened in 1974 and 1975. They are merely a recipe for self-fulfilling pessimism.

"The happy coincidence of the two on this occasion is mainly due to the time needed to review inherited expenditure plans fully. But it has enabled me to present together the Government's strategy for expenditure, taxation and the money supply in a way not attempted by any previous Chancellor.

"I should say that one other result of this coincidence is that I have an unusually large number of tax and expenditure proposals to announce in this speech. Details of these are contained in press notices which are being issued today, an index in which can be found in the Vote Office.

"The plans in the White Paper show, for the first time ever, a progressive reduction in total expenditure throughout the lifetime of this Parliament. By 1982-83 they are over 11.5 per cent below those inherited from the previous Government. This reduction works out at over £11bn at today's prices.

"Expenditure in 1983-84 is planned to be about 4 per cent lower in real terms than in 1979-80. The effect will be a marked shift in the burdens imposed by the Government and in the balance between the public and private sectors.

"Above all, we shall have set the volume of public spending on the right course. We shall be creating a climate much more favourable to economic growth. "In the coming year, 1980-81, the reduction from last amount our predecessors planned to spend is over £5 billion at today's prices, roughly equivalent to the revenue raised by an extra seven pence on the basic rate of income tax.

"Since the White Paper published in November, further net reductions of over £900m have been decided for the coming year. The Government have thought it prudent, however, to set aside £325m of this for the Contingency Reserve. It should not be necessary to spend it all.

"These decisions reduced planned spending in 1980-81 by at least £575m at current prices. Special sales of assets planned

will assist decision-makers throughout the economy to work with the grain of the Government's policy, understanding the limits it imposes and the opportunities it presents.

"This strategy is the best

foundation for higher growth, fuller employment and a return to rising living standards.

"At the heart of the medium-term strategy is the need to return to a sensible level of public spending and to see taxes and Government borrowing reduced.

"The spending plans which this Government inherited were too high and were set to grow considerably faster than production.

"Most aspects of public spending are worth while, if the nation can afford them. But, too often, we have endorsed plans for rising expenditure that we cannot afford. In the last 20 years the ratio of public expenditure to GDP has risen by a quarter.

"It would be all too easy for this ratio to go on rising indefinitely unless we addressed ourselves to fundamentals. That is what we have done in the medium-term expenditure plans since they began 20 years ago.

## Many tax proposals

"This review is crucial to the strategy. Crucial to success in reducing the PSBR, lowering interest rates, and bringing down inflation. And crucial if we are to find room for lightening the tax burden and so to provide scope and encouragement for enterprise and initiative.

"The results are set out in the Public Expenditure White Paper published today. Publication of plans for expenditure at the same time as those for taxation has long been widely favoured.

"The happy coincidence of the two on this occasion is mainly due to the time needed to review inherited expenditure plans fully. But it has enabled me to present together the Government's strategy for expenditure, taxation and the money supply in a way not attempted by any previous Chancellor.

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Continued on next page

## THE BUDGET: THE CHANCELLOR'S SPEECH

## Duty increased on petrol, alcohol, tobacco

## Continued from previous page

for 1980-81 remain at the £500m mentioned in the November White Paper. This compares with the £1 billion target for 1979-80 announced in my budget last June. In the event a total very close to £1 billion has been raised in this way.

## Private initiative

"In today's circumstances any government would have to check the size and growth of public spending. This does not mean, and has not meant, that public expenditure should be cut indiscriminately.

"Our choices have been guided by the belief that government should provide efficiently and realistically those services which it alone is able, and best fitted, to provide. The

"For inflation sets worker against worker, employer against employee, and sometimes even Government against its own employees."

role of the State can sensibly be reduced where it has taken over what private initiative can better achieve; and where it has been reducing incentives, increasing bureaucracy and distorting markets.

"Only the State can provide adequately for the defence of its citizens against external and internal threats. The armed forces and police need to be strengthened and improved. Expenditure on defence, law and order, therefore, is planned to grow—defence by 3 per cent a year in real terms up to the end of the period, law and order by 2½ per cent a year.

"Spending on health will continue to grow exactly as planned by the last Government, at about 2 per cent a year over the period. The present increase will be partly offset by increases in charges, including in particular a £1 prescription charge from next December.

"These charges will yield in total about £30m in a full year. The present volume of exemptions is maintained so that, for instance, the elderly, children under 16 and those on low incomes will be unaffected. "But support from the taxpayer for private and nationalised industries is reduced. Provision for housing is reduced. This reflects both the local authorities' own reduction in building programmes and what the nation can afford in public sector housing investment and subsidies.

"The reduction in the education programme reflects a fair and sensible response to falling school rolls, and a continuation of the economies to be made in 1980-81. Whilst the number of pupils is expected to fall by about 15 per cent between 1979-80 and 1983-84, spending on schools is planned to fall by only about 6 per cent.

"So spending for each pupil will increase in real terms. The aid programme is also reduced, but remains substantial. It will now be in line with what a country in our present circumstances can afford.

## Protecting the weakest

"Social security presents particular problems. This programme has been responsible for three quarters of the total increase in programmes since 1972-74.

"This Government, no less than its predecessors, is committed to maintaining a social security structure which protects the weakest and most vulnerable in our society. But social security is now a quarter of total public expenditure and still growing.

"It cannot be exempt from measures to restrain its growth when these can reasonably be made. Notwithstanding the changes the Government are making, spending on social security is still expected to increase by nearly 4 per cent between 1979-80 and 1983-84. I shall be returning to this area in more detail in a few moments.

"There are those who sometimes speak as if all our problems with public expenditure could be solved by reducing bureaucracy while leaving subsidies and services untouched. The process of securing economy cannot be as painless as that.

"It is easy to forget that the entire cost of the civil service represents only one-fifth of public expenditure.

"Even so, it represents a substantial cost. At the beginning of this administration the Civil Service was larger by 40,000 than when we left office. Between 1974 and 1979 local government manpower had increased by over 200,000. Total public service manpower had increased by nearly half a million.

"It is no criticism of public servants to say that this could not go on. If it were to continue, by 1983 over a fifth of the labour force would be employed in the public services. "Action has already been taken. The last Government made financial provision for a Civil Service of 748,000 at the end of this month. By April 1,

1981—12 months later—the Civil Service will be smaller than that by at least 50,000.

"I cannot yet predict what the size of the Civil Service will be by the end of the present Parliament. But we have made a good start.

"And the revenue departments, I am glad to say, have been playing their full part in this process. The numbers employed in those departments had grown from 87,000 in 1970 to 113,000 when we took office. At that rate, by the year 2000 there would be 175,000 tax collectors, which is more than there are soldiers in the Army.

"That process of expansion is now being reversed.

"In 12 months' time the staff of the revenue departments will be over 10,000 fewer than when we took office—a reduction of about 8.5 per cent.

"The staff savings from my Budget last year amounted to some 1,400. And the tax measures I am proposing this year will in themselves enable me to make eventual net sav-

ings of 1,700 staff in my departments.

"So far as the local authorities are concerned, my right honourable friend, the Secretary of State for the Environment, and other Ministers, have been taking steps that will help local authorities to reduce their manpower.

"There is now less detailed interference by central Government—fewer circulars and returns—and a large number of statutory controls are being removed.

## Regard to the costs

"But as my right honourable friend the Secretary of State for the Environment pointed out on Monday, progress has been disappointingly slow in reducing expenditure. The local authorities must now give high priority to achieving this.

"The reductions I have so far described are in the volume of public spending. We must also pay full regard to what it costs. Some of the reasons were eloquently explained to the House by the right honourable Gentleman, the hon. Member for Leeds East on January 25, 1979, when he was still Chancellor.

"On that occasion, the Rt. Hon. Gentleman made an assumption that earnings in the 1978-79 pay round might increase by 15 per cent.

"He said that this assumption, which he described as pessimistic, would increase the cost of central Government and local authority services by £1bn each in 1979-80 and raise the costs of the nationalised industries by nearly £1bn.

"Faced with such increases, he said, the Government would be compelled to seek reductions in the volume of public expenditure. He emphasised that this would inevitably increase unemployment.

"We know that the Rt. Hon. Gentleman's assumption about the likely growth in earnings proved all too true. Moreover, his own administration left behind some large post-dated cheques.

"The Clegg awards are expected to cost something like £2bn in 1980-81, and the full-year effect of other comparability awards in the Civil Service will add a further £1bn to that.

"Public services and employment cannot escape the effects of inflation. Cash limits are the crucial instrument for ensuring that the costs of public expenditure do not run out of control."

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"For central Government expenditure, most of the cash limits for 1980-81 are contained in the Parliamentary estimates, published today. As already announced they are based on provision for current cost increases of 14 per cent.

## EEC budget

"When the estimates were being prepared, this seemed an adequate allowance for inflation between 1979-80 and 1980-81. The projection I am publishing today suggests, in line with those of most outside forecasters, that inflation may be a point or two higher.

"To increase the provision in the cash limits to accommodate the higher forecast of cost increases would be wrong.

"That would simply be to condone and encourage inflation. The difference between the pro-

vision in the cash limits published today and full provision for the inflation now forecast would be about £700m.

"There should be scope to absorb such higher costs through greater efficiency. It will not be easy. But the unacceptable alternatives would be to cut services or increase taxes.

"In an important respect the reductions announced today are not complete. This country carries a heavy burden of Government payments overseas: first, spending on defence, especially the British Army of the Rhine; second, our net contribution to the European Community; and third, overseas aid.

"Relative to our GNP, we spend more across the exchanges on defence than any of our NATO partners. We make a large part of our substantial private sector earnings on invisible account of the balance of payments.

"Of these transfers overseas, the fastest growing and least justified has been our large net contribution to the Community Budget. Although ranking seventh out of the Nine in GNP per head, we are now making the largest net contribution.

"The latest estimates by the European Commission again show that our net contribution is much larger than Germany's, the fastest growing and least justified has been our large net contribution to the Community Budget.

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## Special obligation

"Any changes must reconcile the need, which we all recognise, to protect the most vulnerable members of society with the need to ensure that scarce resources are distributed in a way which does not unduly inhibit the creation of wealth.

"Standards of living and the benefits people are willing to finance must depend on a healthy, growing economy.

"Any civilised society has a special obligation to those who have completed their working life. The standard rate of retirement pension will accordingly be increased next November by £6.15 to £43.45 for a married couple, and by £3.85 to £27.15 for a single person.

"These increases fully reflect the Government's estimate of the rise in prices between the last uprating and the next. In addition, a £10 Christmas bonus will again be paid.

"Moreover, we propose substantial extra help for poorer consumers with their fuel costs next year. Much of this will go to the elderly. My right honourable friend the Secretary of State for Social Services will be giving details tomorrow.

"Again, any civilised society should provide a safety net

for payment of a minimum level of sick pay during the early weeks of sickness. This will bring the bulk of sickness payments into tax through PAYE. This scheme should be operating from April, 1982.

"Second, we intend to bring benefits paid to the unemployed into tax at the same time. This will be done in such a way that in general the claimant will neither receive refunds nor suffer deductions of tax until he is back at work.

"We are also considering how best to bring into income-tax at an early date the remaining short-term benefits, and invalidity benefit, which primarily for administrative reasons are at present untaxed.

"But we do not have to wait until 1982 to do something about this problem.

"Subject to the approval of Parliament, these short-term benefits and invalidity benefit will, at the next uprating, be increased by 5 per cent plus points less than would fully reflect forecast price movements.

"None of these benefits come within the tax net at present. What I am now proposing takes account of the general agreement by successive governments that they should.

"The ERS scheme itself has been diminishing in worth and effectiveness over recent years. Redundancy payments are now more generous and the development of the employers' sick pay scheme means ERS is much less needed than formerly.

"Of the unemployed, only about 10 to 15 per cent are in receipt of ERS at any one time. All in all, the Government would find it difficult to justify its retention.

"We therefore propose that the state provision of short-term benefits should in future be on a flat rate basis, and that ERS should be withdrawn in 1982, with no fresh claims being taken from the beginning of that year.

"The large increases in the social security programme over the years reflect in part the heavy cost of automatically indexing the value of benefits in an open-ended way.

"One aspect of this is the system of index-linked pensions in the public sector, which includes those payable to retired Ministers and Members of Parliament. Serious doubts

to extinguish his incentive to find or stick to a job.

"Indeed there are people whose incomes out of work exceed what they could reasonably expect to get in work. There is undoubtedly widespread and justified public concern about this disincentive.

"It is doubly demoralising: first, to those directly affected; and secondly to the large numbers around them, who quite reasonably see such provisions as unjust as well as harmful to the proper workings of the economy.

"This is a complicated problem which cannot easily be resolved, but the Government are determined to tackle it. To start with, tax.

"Successive Administrations have always intended that short term social security benefits should form part of a person's taxable income. In the same way as pensions and widows' benefits have always done.

"The 1948 legislation said they should be taxable. It is only fair that a man who in the course of the year derives his income partly from work and partly from social security benefits should pay as much tax as a similar man who has earned the same total income. So far, the administrative difficulties have always appeared insuperable.

"Now we are going to act. First, we have the scheme, which my Rt. Hon. Friend, the Secretary of State for Social Services, announced before Christmas, whereby employers would have the responsibility

to match the claims of those who are entitled to child benefit with those of other recipients of social security.

"Within the limited resources available, given the other pressures on the social security programme, they represent the best balance between protecting the old, the poor and the needy, strengthening work incentives, and securing fairness as between the taxed and untaxed.

"Full details of the changes in social security benefits will be announced by my Rt. Hon. Friend the Secretary of State for Social Services tomorrow.

"Finally I turn to an area where our social security system touches on industrial relations. More than 10 years ago, one of

my distinguished predecessors said: 'We need to facilitate the smooth working of the process of collective bargaining in industry and to help prevent the occurrence of unnecessary and damaging disputes, on which we have seen all too many recently, and which are totally incompatible with our economic objectives.'

"This is what Mr. Roy Jenkins said in 1968 when he announced the Government's intention to press ahead with their proposal, 'In Place of Strife'.

"Eleven years later, little indeed has changed, except for the worse.

"I shall refer today to only one aspect of this self-inflicted industrial damage. The social security payments a striker may claim on behalf of his family can be one of several factors which sometimes tilt the balance of industrial power against employers and responsible union leadership alike. These payments have helped to sustain some very damaging strikes. The sums involved can sometimes be substantial.

"During the present steel dispute, for example, such payments have so far amounted to over £3m. This would be enough to pay the full-year cost of another 50p on the one-parent premium or an extra £1 on mobility allowance. Payments to strikers are widely and understandably resented and we have carefully considered how best to change

have been raised as to whether adequate allowance is made for the value of present pension arrangements in settling public sector pay. The Government intend, therefore, to set up an independent inquiry into that question.

"I come now to Child Benefit, where a judgment is needed how far the impact of inflation should be offset. I have already explained the general problem which has to be faced in relation to both benefits and taxation.

"The Government propose that this benefit should be raised in November from £4 to £4.75 per week for each child.

"We propose, too, that when benefits paid to the unemployed are brought into tax, benefits paid to strikers' families should be taxed similarly.

"This is an overdue reform. The Government believe it is entirely fair to assume that strikers have made some provision for their families' financial support either through their union or by some other means.

"It can hardly be denied that unions need to accept fuller responsibility for supporting their members when on strike than some of them have done recently. This change will make an important contribution to restoring the balance that has so long been lacking in our industrial relations.

"After the changes announced today, the social security budget will still be higher in real terms in each of the next four years than it was last year. These changes reflect new and responsible priorities such as are inevitable in a period in which resources are scarce.

"Successive Governments share a concern for the welfare state. But social security cannot be regarded as exempt from re-examination and entitled always to take absolute priority over spending on defence, the police, hospitals or schools—or over the need for proper control of public spending as a whole. Once that fact is recognised, there can be no denying the case for modest economies in this programme.

"Sir Geoffrey took another sip of water... and taxed the oil companies. Another sip... and left the banks windfall profits untouched, provoking more Labour outbursts.

"Mr. James Callaghan declared that Sir Geoffrey had budgeted for further years of decline rather than recovery.

"His pessimism would disillusion the country. 'A consolidation budget?—a consolidation of failure,' he remarked.

"What Mr. Callaghan found even more depressing was the attitude with which the measures were being introduced. 'You are turning the 20th century welfare state back to the 15th century board of guardians,' he said.

"Sir Geoffrey pressed on towards public expenditure and its reduction. 'There are those who sometimes speak as if public expenditure problems can be reduced by cutting bureaucracy,' he said, echoing many a Tory speech.

"No, he said firmly, as he proceeded to pare social security benefits.

"mopped up. No one except the elderly and the disabled was going to keep pace with inflation this year, alone with the 14 to 19 per cent predicted for the coming 12 months.

"There was a great howl of outrage from the Labour benches, as Sir Geoffrey announced the £1 prescription charge. 'A tax on the sick,' he belittled. 'Shame, shame.'

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## Matching claims

"For nearly all basic rate-taxpayers, this increase of 18½ per cent in child benefit will ensure that they are better off than they would have been if child tax allowances and family allowances had continued and had been uprated in line with prices. And people who pay no tax at all are substantially better off.

"Child Benefit is, of course, paid in respect of every child in the country, regardless of the parents' circumstances. The increase I have just announced will add over £400m to public spending in a full year.

"An extra 10p per child per week would cost nearly £500m a year. I have no doubt that in all the circumstances, I have done everything that is reason-

able to match the claims of those who are entitled to child benefit with those of other recipients of social security.

"Within the limited resources available, given the other pressures on the social security programme, they represent the best balance between protecting the old, the poor and the needy, strengthening work incentives, and securing fairness as between the taxed and untaxed.

"Full details of the changes in social security benefits will be announced by my Rt. Hon. Friend the Secretary of State for Social Services tomorrow.

"Finally I turn to an area where our social security system touches on industrial relations. More than 10 years ago, one of

my distinguished predecessors said: 'We need to facilitate the smooth working of the process of collective bargaining in industry and to help prevent the occurrence of unnecessary and damaging disputes, on which we have seen all too many recently, and which are totally incompatible with our economic objectives.'

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"Eleven years later, little indeed has changed, except for the worse.

"I shall refer today to only one aspect of this self-inflicted industrial damage. The social security payments a striker may claim on behalf of his family can be one of several factors which sometimes tilt the balance of industrial power against employers and responsible union leadership alike. These payments have helped to sustain some very damaging strikes. The sums involved can sometimes be substantial.

"During the present steel dispute, for example, such payments have so far amounted to over £3m. This would be enough to pay the full-year cost of another 50p on the one-parent premium or an extra £1 on mobility allowance. Payments to strikers are widely and understandably resented and we have carefully considered how best to change

present procedures.

"Supplementary benefit for strikers' families will not be withdrawn altogether. But once Parliament has passed the necessary legislation, we intend that assessments for benefits will assume the striker to have provided £12 per week himself, whether in strike pay or in some other way.

"Strikers' tax refunds will continue to be taken into account in assessing needs. Until now, part of that refund—equivalent to £4 per week—has been disregarded. In future regard will be had to the full refund.

"We propose, too, that when benefits paid to the unemployed are brought into tax, benefits paid to strikers' families should be taxed similarly.

"This is an overdue reform. The Government believe it is entirely fair to assume that strikers have made some provision for their families' financial support either through their union or by some other means.

## THE BUDGET: THE CHANCELLOR'S SPEECH

## Aid for small businesses • Pensions up

## Continued from previous page

There will be transitional provisions for leased television sets. Though the extra revenue in 1980-81 will be negligible, the saving in a full year will be over £200m.

"These provisions will replace, from June 1, the stop-gap provision for foreign leasing which I proposed on October 23, when announcing the abolition of exchange control. They will also include measures to end the growing abuse of leasing by individuals for tax avoidance purposes.

"However the Motability Scheme for leasing cars to disabled people will continue to benefit from the existing provisions.

"I have already referred to the difficult problems that many companies will be facing in the coming year, with great pressure on their liquidity. I have considered how far it would make sense for the Government to help them by major tax reductions.

## Company liquidity

"Such help could only be provided at the expense of much higher personal taxation or higher borrowing and thus higher interest rates.

"I believe that the greatest service which I can perform for business is to reduce the burden of financing the public sector and thus to get interest rates down. I have, therefore, given precedence to this objective.

"However, there is, as I observed last June, a clear need to re-examine the corporate tax structure. I have already undertaken that there will be full consultations before changes are made. I understand that the accountancy profession will be publishing their new standard on current cost accounting later this month. We will, therefore, publish a Green Paper later this year, reporting the results of our general review of the present corporation tax provisions.

"Meanwhile, I do not think that it would be right to change the rate of corporation tax or to make major changes in its structure. But I do propose one important concession to help companies which face a particular difficulty.

"A number of businesses in manufacturing, and certain areas of distribution, are concerned about the recovery charges which they will face as a result of reductions in stock levels likely to arise either because of the general pressure on liquidity, or in some cases as a result of the steel strike.

"I propose, therefore, to allow a substantial part of the stock relief recovery charge consequent on a reduction of stocks to be deferred for one year.

"This change will be subject to certain conditions depending on the extent to which stocks are financed on trade credit.

"The new relief will be given for business accounts ending after 1979-80. The cost is estimated at £210m in 1980-81 and a further £125m in 1981-82.

"While further relief is justified in the cases to which I have referred, there is criticism that the present stock relief may confer an unjustifiable advantage in certain circumstances.

"This is a complex matter on which detailed consultation will be needed, but my intention is to legislate next year in respect of the tax payable generally on January 1, 1982. This will give enough time for consultation.

## No change in VAT

"I propose another modest measure affecting business taxation. I intend to provide relief for redundancy payments in excess of the statutory minimum paid when a business stops trading.

"I turn now from companies to my other proposals for finding extra revenue. I begin with the indirect taxes.

"Last June, I took an important step in implementing a change in the tax structure that everyone knew to be necessary. I carried out a substantial switch in the balance of taxation from direct to indirect taxes.

"I do not intend to go further in that direction this year. But I do intend to ensure that the real yield of indirect taxation is not eroded. Inflation can all too easily have that effect.

"First, I shall deal with Value Added Tax.

"Without the extra revenue from last June's Budget changes it would have been quite impossible this year for any Government to avoid either much larger cuts in public spending or big increases in income tax.

"This is the first year in which the full yield of the 15 per cent rate will be available. The yield will be some £12,450m in 1980-81.

"I propose no change in the 15 per cent standard rate of VAT. I am, however, making a number of technical changes to ease the administrative burdens borne by small businesses—about which I shall have more to say later.

"There have been signs that some large companies may have been delaying their VAT payments to the Exchequer. This must be corrected at the earliest opportunity. Customs and Excise are already taking steps, with my approval and within the existing law, to reduce the attractions of delay.

"But more needs to be done. I shall, therefore, be asking the House to raise the maximum penalty for late payment. My proposal is that it should be expressed as a proportion of the tax at stake.

"In practice, this will raise the penalty for only the larger companies. For them the existing maximum penalty, of £100 plus £10 a day is clearly inadequate.

## Staff savings

"I also propose to remedy an anomaly in the coverage of VAT. Lubricating and certain other oils are currently zero-rated, without any real justification.

"We shall be laying an order to charge them at the rate from Thursday, May 1. This will yield an additional £1m in 1980-81 and £17m in a full year.

"I want also to inform the House today of my decision on one of the options for staff savings in the Customs and Excise. Concern has been expressed by a number of my Hon. Friends and by representative business organisations at the possibility that we might withdraw the facility of monthly returns for those VAT traders who are entitled to claim repayments.

"I have carefully considered representations about the effect on business cash flow, and I do not intend to pursue this option further.

"This year most of the additional revenue I need from the indirect taxes must come from excise duties. Because they are applied to a physical quantity, the real value of their yield declines in times of inflation. A number of them have not been increased since early 1977 and many have been declining in real value over a much longer period.

"Accordingly, taking the duties as a whole, I am proposing increases which will reflect the impact of the last year's inflation and keep the real yield roughly constant.

"I start with the duties on alcoholic drinks and tobacco, which were last increased three years ago. I propose from midnight tonight to increase the duties on drinks by amounts which, including VAT, represent about 2p on the price of a typical pint of draught beer, 8p on a bottle of table wine and 50p on a bottle of whisky.

"The tobacco duty will be raised with effect from midnight on Friday. Including VAT, the increase will represent 8p on the price of a typical packet of 10 cigarettes.

## Change on casinos

"There will be consequential increases for most other alcoholic drinks and tobacco products, but rather less than the full amount on pipe tobacco.

"The increases on alcoholic drinks will yield £273m in 1980-81 and £288m in a full year. The tobacco increases will yield £180m in 1980-81 and £195m in a full year.

"Next, betting and gaming. I do not propose any changes in the general betting duty or the pool betting duty. But the Government has been persuaded by some of the criticisms of the present duty on casinos made by the Royal Commission on Gambling.

"This duty depends heavily on rateable value. It is not an equitable tax, and the more profitable casinos are seriously under-taxed.

"From October 1, therefore, the present duty will be replaced by one related more closely to the profitability of casinos, and designed to produce about two-and-a-half times as much revenue in a full year.

"At about the same time, the duty on bingo will be increased from 5 per cent to 7½ per cent. Provision will also be made in the Finance Bill for restructuring the duty on gaming machines.

"We intend to remove the duty on penny machines, and propose to increase the revenue from the very profitable jackpot machines usually found in clubs. These changes will yield £5m in 1980-81 and £20m in a full year.

"I turn now to Vehicle Excise Duty. Our predecessors announced their intention to abolish the duty on cars and other petrol-driven vehicles. They proposed to make good the revenue loss by increasing the tax on petrol.

"As the House will recollect, after carefully reviewing the arguments, we decided that this was not a sensible change to make.



Sir Geoffrey Howe and Lady Howe leave No. 11 Downing Street to go to the House of Commons

"Even if the tax had gone, the need for a vehicle register would have remained. This is essential to the police and for vehicle control. So much of the form-filling would have continued unabated.

"We decided it was much better to keep the Vehicle Excise Duty, but to achieve staff savings by streamlining its administration, along the lines which my Rt. hon. friend the Minister of Transport has already proposed.

"As part of this, he is announcing today that from October, four-monthly licences will be replaced by six-monthly licences. From August a stamp-saving scheme will be introduced to help motorists to budget for payment of this tax.

"If the duty is to remain, we would be wrong to allow inflation to go on eroding its real value. Because of doubts about its future, the rates of this duty have remained unchanged since 1977.

"I therefore make no apology for proposing increases in the duty on most vehicles of about 20 per cent, and on the heaviest lorries of about 30 per cent this year. As a result, the annual duty on cars will increase by £10 to £60.

"The larger increase on the heaviest lorries will reflect the high road costs which they impose on the community. These changes will produce an estimated additional yield of £240m a year, but will still leave the Vehicle Excise Duty lower in real terms than after the last increase in 1977.

## Electric vehicles

"I have one further small change to announce in Vehicle Excise Duty. Electric vehicles at present pay only a small part in road transport. But they are much cleaner and quieter than vehicles powered by internal combustion engines, and they could bring big future energy savings.

"Because I want to encourage their further development, I propose to abolish Vehicle Excise Duty on them. The cost in 1980-81 will be less than £2m.

"In my Budget last June, I stated that there was a continuing case for measures that would help us to conserve oil. The price of petrol in the

"In money terms the threshold will be raised to £11,250 and the threshold to the top rate of 60 per cent to £27,750. There will be corresponding increases at the intervening points."

"I propose, therefore, to increase by some 20 per cent the scale figures which are used for measuring the benefit of a company car for tax purposes. This change will be effective from April, 1981.

"At the same time, there will be one modest relief. The qualifying annual mileage of business vehicles which are taxed at a reduced rate of 10 per cent is charged should be reduced from 25,000 to 18,000 miles a year. In the light of our widespread consultations last year, I believe these changes will generally be recognised as fair.

"I have also been considering whether I ought to take action to charge tax on the value of petrol provided by employers for private use by their employees. This would present severe administrative problems, both for employers and for the Inland Revenue.

"Even so, I shall feel bound to contemplate action next year if the provision of free petrol continues to spread at anything like its present rate.

"As the burden of income tax is reduced, I would hope to see a decline in the provision

of benefits in kind. It is consistent with that view for me to impose a reasonable charge to income tax on benefits which do remain.

"In that spirit, I approach one area this year which has so far escaped the eye of my predecessors. I refer to the provision for employees of items such as suits of clothing and television sets. I propose to double from 10 per cent to 20 per cent the proportion of the value of such objects taken as a measure of the annual taxable benefit.

"And I shall impose an effective charge where the items concerned are subsequently acquired by the employee for less than true value. I am also taking steps to increase from 9 per cent to 15 per cent the rate of interest used to measure the value of beneficial loans to employees and to raise to £200 the limit below which the benefit of such loans is not charged to tax.

"Fringe benefits are charged to tax only if the employee earns more than a certain amount, now £8,500. The case for abolishing this threshold has been pressed upon us. I have asked the Inland Revenue to consult employers and others about the administrative problems that might be involved in such a change.

## Income tax proposals

"I now turn to my main proposals for income tax. The changes I made last year were an important start on reducing the oppressive burden of direct taxation. At every income level, taxpayers now retain a significantly larger share of their incomes, which they are free to spend or save as they choose.

"I intend to make more in the future. But at a time when output is falling and we are making further heavy cuts in public expenditure, I cannot afford to protect income-tax payers fully from the effects of inflation. This then must be a year of consolidation.

"At first sight that would suggest increases in the personal allowances which fall some way short of the rise in prices during 1979. But this would have a number of undesirable effects.

"It would lower the starting point of income tax in real terms compared with a year ago. It would increase the number of taxpayers. It would narrow the gap between tax thresholds and the main social security benefits. And it would impose particularly heavy burdens on those with the smallest incomes. All these effects would be most undesirable.

"Given the limited scope available, I have considered how to avoid these consequences. I intend to do so by adopting an alternative approach. I propose to increase the main income tax allowances by 18 per cent or so, which is in line with the rise in prices and in conformity with the indexation requirement of the 1977 Finance Act.

"This will bring substantial relief to all taxpayers. But in order to afford this, I intend to remove the lower rate band of taxation, levied at 25 per cent on the first £750 of taxable income.

"This combination will protect the position of the very poorest taxpayers, whilst ensuring that basic rate taxpayers receive some, though not complete, protection from the rise in prices.

"The single allowance will thus be increased by £210 to £1,375 and the married allowance by £330 to £2,145. The corresponding allowances for people over 65 will go up by £380 to £1,820, and by £440 to £2,280.

"The income limit for the age allowance will go up to £5,900. Also, the additional personal allowance, available mainly to single parents, will go up by £120 to £770. The revenue cost of these increases in 1980-81 will be some £1,800m, offset by a saving of £750m from ending the lower rate band.

## Higher tax thresholds

"I cannot this year make any further reductions in the income tax rates. So the basic rate will remain at 30 per cent and the higher rates will also remain unchanged.

"The case for the lower rate band was never at all clear. The 25 per cent rate was not the effective marginal rate for more than a small number of full-time adult workers.

"For those on lower incomes an increase in the personal allowances would always have been more valuable than the lower rate band. And the existence of this lower rate band added significantly to the complexity of the tax system.

"Its disappearance will simplify and shorten the PAYE tables, and reduce the administrative burden on employers and on the Inland Revenue, where there will be a valuable staff saving of 1,300 posts.

"I am in no doubt that it is right, in a year when difficult choices have to be made, to concentrate on raising the tax thresholds for everybody, as I have proposed, by about 18 per cent.

"I am also in no doubt that it is necessary to abate the tax reductions which follow from that change by the abolition of the lower rate band.

"Taken together, these changes are equivalent to an effective increase in tax reliefs of 11 per cent for a married couple and rather less than that for single taxpayers.

"The 18.75 per cent rise in child benefit implies a broadly comparable annual rate of increase—about 11 per cent—over its April, 1979, level.

"Next, higher-rate taxpayers. Given the substantial improvements last year it would not be appropriate to give major relief to higher-rate taxpayers this year.

"However, our progressive income tax system operates in such a way that those who pay tax at higher rates experience sharply increasing tax burdens in times of inflation.

"In the ordinary course it would be right to increase the higher rate threshold and bands by the same proportion as the increase in personal allowances. That would imply 18 per cent this year.

"But this year the improvements in personal allowances are partially offset by abolition of the lower rate band. That change will have only limited significance for those on higher incomes. So I have decided not to raise the higher rate thresholds fully in line with inflation, as I have done for the main personal allowances, but to put them up by only about 11 per cent.

"That is, as I have explained, broadly equivalent to the total net increase in tax reliefs which I have proposed for married couples paying tax at the basic rate.

"In money terms the threshold for the higher rate will be raised to £11,250 and the threshold to the top rate of 60 per cent to £27,750. There will be corresponding increases at the intervening points.

"So far from making the rich richer, these restricted improvements will result in an increase in the real burden of income tax for the higher rate taxpayer.

"The cost of increasing the higher rate thresholds is £100m in 1980-81 compared with a cost of £140m if they had been fully indexed.

"I am also limiting this year's increase in the threshold to the investment income surcharge to 10 per cent, that is to £5,500. However, with a view to consistent treatment in future years, I shall include provisions in the Finance Bill which should ensure, with effect from next year, that the higher rate threshold and bands, together with the investment income surcharge threshold, are covered by indexing legislation in the same way as the main personal allowances.

"For the typical married couple with two children the net effect of my Budget changes will be to increase their weekly income by £26.88 per week from November. For a single man the increase will be £19.44 per week. The increase will be 49p per week.

"The income tax changes I am proposing will be given effect when new tax tables have been printed and distributed. They will be made together and will produce a net increase in take-home pay on the first pay day after May 31.

## Exemption for awards

"I am proposing two other small income tax changes which have long merited action.

"I propose to exempt from tax the payments made to holders of certain gallantry awards, such as the Distinguished Conduct Medal and the Conspicuous Gallantry Medal. These will in future be treated in the same way as annuities payable to holders of the Victoria Cross and George Cross.

"I want also to do something more for widows in the difficult time immediately following bereavement. I therefore propose to increase the present single allowance which widows receive for the tax year in which they are bereaved.

"The addition for that year will, at its maximum, bring the single allowance for widows up to the level of the married allowance.

"We have also been reviewing the treatment for tax purposes of husband and wife. This is a complex and important subject. I am grateful in particular to the Equal Opportunities Commission for the light which their publications have shed on this aspect of sex discrimination.

"It is easier to define the problems than to find the answers. Certainly, radical changes should not be made in haste. I propose, therefore, to issue later this year a Green Paper on this subject. I hope that it will stimulate a constructive debate, leading us ultimately to acceptable solutions.

"Although, as I have just explained, this is not a year in which sweeping reductions of income tax are possible, that need not prevent us making sensible reforms in the tax

system wherever the opportunity offers.

"I have frequently drawn attention to the extent to which the tax system has woven itself deeply into the fabric of national life. Tax has been piled upon tax, often with little regard for their interaction. The accidental effects of this tax onslaught have often been as damaging as the direct consequences.

## Accidental effects

"This Government came to office pledged to bring more simplicity and consistency to the tax system. We have already undertaken a series of major reviews.

"I should like here to thank both the Inland Revenue and the Customs and Excise for the heavy load of policy review work they have carried out during the last nine months. This should all bear useful fruit in the years ahead.

"This year I have progress to report in three important areas where I believe that fiscal reform can encourage private action—in connection with housing, the national heritage and voluntary organisations.

"We wish to encourage the private provision of housing as well as wider home ownership. Home ownership adds to the quality of life. And private provision of housing means we can save public resources for other areas where a private sector alternative is not available.

"My first proposal is designed to help first-time buyers in particular.

"I have received representations from many quarters about the burden of stamp duty on house purchasers. Difficulty in acquiring a new home restricts the mobility of labour. Those at the lower end of the market—mainly young couples—particularly deserve help.

"I do not think these considerations justify us in making, this year, an increase in the mortgage interest relief ceiling, which I propose to maintain at £25,000. But I do think it would be right to raise the starting point for stamp duty on transfers of property by £5,000 to £20,000.

"The limits for reduced rate bands will be similarly increased, by £5,000, so that the full 2 per cent rate will now be reached at £25,000. This will cost £77m in 1980-81, and £85m in a full year.

"Too many homes are under-occupied, or even standing empty. This is often a direct, even if unintended, result of rent control: sometimes it is a consequence of planning policies, which my Rt. hon. friend the Secretary of State for the Environment is improving.

"There are also fiscal obstacles to the economic use of the available stock of property. One of these I intend to deal with this year. I propose a new and additional relief from capital gains tax to help people who let part of their homes.

"At present these house-owners, when they come to sell, can find themselves unexpectedly faced with a capital gains tax charge. This change will encourage letting, and contribute to the better use of the housing stock as a whole.

"Next, the national heritage. The House has already passed a Bill to set up the National Heritage Fund. The Finance Bill will include a provision to treat it for tax purposes as if it were a charity.

"The Fund will be set up with an initial amount of around £12m at its disposal. The Government will in future make an annual contribution to the Fund, including the amount needed for the continuation of the acceptance in lieu system.

"But we should also do more to make it possible, both today and in the future, for owners of historic houses to look after their properties on behalf of the nation as a whole.

"The last Government took a similar view and introduced provisions to assist owners to set up maintenance funds for the support of their houses. But that scheme proved to be so restrictive that it has hardly been used.

"Before I leave discussion of the capital markets I should add that I propose that traded options, which at present are anomalously treated as wasting assets for Capital Gains Tax purposes, should in future be treated on the same basis as share warrants.

"I hope these measures will help to encourage the wider direct ownership of shares, by altering the relative attractions of investment through the institutions and through more direct means.

"I come now to a series of measures which are intended to increase the wealth-creating vitality of our economy. That

"The overriding condition will, of course, be that the public should have reasonable

access. These measures are intended to cement a bargain between those who have to bear the cost of maintaining the National Heritage, and the people as a whole.

"The third way in which we aim to assist private action this year is by providing tangible Government support for the widespread and often unsung voluntary effort that goes on at every level of our national life.

"It is important to do all we can to help charities and to stimulate private benefactors and helpers. A partnership between Government and voluntary effort can be the best way of meeting many pressing social needs, particularly when State spending is having to be cut back. With this in mind, I have given careful consideration to the fiscal recommendations of the Goodman Committee and of the National Council of Social Service.

"I propose to double—to £200,000—the capital transfer tax exemption for bequests to charities; and to exempt wholly from development land tax all future disposals of land by charities. Income tax relief for payments to charities made under Deeds of Covenant, which has hitherto been limited to the basic rate of income tax, will be extended to the higher rates subject to a ceiling of £3,000 a year.

"A minor stamp duty easement on Deeds will be made. And in response to representations I am reducing the period for tax relief on Deeds of Covenant from seven years to four years.

"These measures, which will cost £30m in a full year, are designed to provide the right conditions for substantial growth in the important partnership between voluntary service and the community.

"Now I turn to an area where the tax system can be used to involve the individual more closely in the work of the economy. I refer to proposals which will encourage direct personal investment in the stocks and shares of British industry.

"In the last 20 years the proportion of the equity of British companies held in direct individual ownership has been almost halved. This is a trend I should like to reverse.

"It is generally agreed that share-ownership and profit-sharing can help in developing employee understanding of and commitment to, business and industry. I believe that share-ownership can also spread a wider understanding of the role for risk-taking and initiative in the economic system.

## All-party support

"I have two sets of proposals to make.

"First, I propose to make more generous the provisions which the last Government introduced two years ago to encourage profit-sharing.

"In passing, I would note that the provisions were based upon proposals originally put forward by my Rt. hon. friend, the Secretary of State for Energy. They attracted all-party support.

"I propose to raise from £500 to £1,000 a year the value of shares allocated to any one employee which can qualify for tax relief; to reduce from five years to two the period after which employees can sell their shares; and to cut from 10 years to seven the period after which they can draw them out free of income tax.

"Second, I propose to re-introduce legislation similar to that which Lord Barber introduced in 1973 enabling employees to be given options to buy shares in their companies without incurring liability to income tax.

"This scheme will have links, as in 1973, to a scheme for contractual savings. These measures will help to fulfil our promise to encourage employee share-ownership and provide the incentive to save and build up capital.

"There is one anomaly in the field of life insurance, which I propose to put right. The rate of life insurance relief used to be equivalent to half the basic rate of income tax. It has recently got out of line and I propose to restore the relationship by reducing it to 15 per cent.

"Because of the practical problems posed for the life insurance industry, the change will not take effect until April 6 next year.

"Steps will also be taken to deny life assurance premium relief to certain short-term bonds. This change will take effect from today.

"Before I leave discussion of the capital markets I should add that I propose that traded options, which at present are anomalously treated as wasting assets for Capital Gains Tax purposes, should in future be treated on the same basis as share warrants.

"I hope these measures will help to encourage the wider direct ownership of shares, by altering the relative attractions of investment through the institutions and through more direct means.

"I come now to a series of measures which are intended to increase the wealth-creating vitality of our economy. That

Continued on next page

## THE BUDGET

## Capital tax changes

Continued from previous page

means giving greater encouragement to the processes of economic change, and improving incentives to the enterprise sector. For the mainspring of economic vitality it is now widely agreed that we must look to private initiative, widely dispersed and properly rewarded. Enterprise means jobs

## Capital taxation

"I start with capital taxation, which is widely regarded, and rightly so, as a severe discouragement to those seeking to build up a business and pass it on to the next generation. We have, as I promised last year, subjected capital taxation to a thorough review."

"Representations from a large number of bodies have confirmed that the damage done by these taxes in their present form is out of all proportion to their yield. There is, of course, a place for capital taxation, including in particular a charge on death. But change is needed."

"What I can do this year must be constrained by our financial position. I am, therefore, proposing changes which will be of particular help to smaller businesses. This is an earnest of our determination to make further progress when economic conditions permit."

"First, the march of inflation over the years has brought far too many estates into charge to the capital transfer tax. This is a particular burden on the small business, when it passes from one generation to another, whether on death or by lifetime transfer."

"I propose therefore that the threshold for the capital transfer tax should be increased to £50,000. This will exempt from the tax at least two-thirds of the estates which would otherwise have been liable, and up to 400 fewer staff will be needed than if we had left the threshold unchanged."

"A reduction in the scale of rates above the new threshold, however much it is needed, is not possible at the moment. But other changes I should like to have made. I am, however, making one or two minor changes designed to reduce administration."

"In the case of the capital gains tax, I am fully conscious of the impact inflation has had. It can rightly be argued that the tax often falls on what are no more than paper gains. Proposals for indexation or tapering as a means of meeting this problem have been put forward on many occasions in the past. I have had both proposals re-examined but the conclusion to which I have come is that both would result in an unwelcome increase in the cost of administration—for taxpayers as well as for the revenue—while reducing the sum of the tax to negligible proportions."

"I cannot, however, leave matters as they are. I propose, therefore, to replace the present £1,000 exemption—which is progressively withdrawn above £5,000—by a straight forward allowance of £3,000. "This change, which will operate from April 6, will remove from tax half the cases at present liable; and at a reasonable revenue cost, it will reduce staff requirements by 300."

## Limited changes

"As a corollary of this new proposal, there will be an exemption for the first £1,500 of gains for trusts; and investment and unit trusts will now be exempted from the tax, although investors in such trusts will remain liable if their own gains in the year exceed the new exemption limit. "Finally, I propose to remove the present double charge on gifts, which arises from the overlap between Capital Transfer Tax and Capital Gains Tax, by providing roll-over relief for the latter. This has been a particular source of grievance and one on which representations have

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been received from a large number of people."

"The cost of these changes in the Capital Transfer Tax will be £60m this coming year and twice as much in 1981-82."

"In the case of Capital Gains Tax, there will be no cost this coming year and a cost of £25m in 1981-82. These figures need to be judged against the already rising yield of the capital taxes as a result of inflation."

"I realise that these necessarily limited changes will fall short of what many people had hoped for. But I must ask for patience in present circumstances. Meanwhile the benefit the present changes give to the small business should not be underestimated."

"Because of the 50 per cent relief—which will remain, as will the comparable relief for agriculture—a person transferring a business worth £100,000 will pay no Capital Transfer Tax, if there are no other assets."

"We would, of course, have liked to bring similar help to businesses of all sizes. My proposals do give some measure of relief to everybody, but this year most assistance goes to small businesses. As I have already indicated there have been extensive consultations on Capital Taxation before the Budget. We propose to continue this process. There are in particular certain specialised areas

**THE Government believes it is entirely fair to assume that strikers have made some provisions for their families' financial support either through their union or by some other means.**

such as settled property which require very detailed consideration."

"I now turn to another tax which can inhibit development, the Development Land Tax. In my last Budget I reduced the rate of this tax to 60 per cent and increased the exempt slice to £50,000. I then said there would be no further reduction in the rate and no early increase in the exempt slice. This remains the position."

"Representations have, however, been made to me from many quarters that the tax inhibits development because of uncertainty about the amount of tax chargeable which can normally only be ascertained once development starts."

"It is important to remove obstacles of this kind if we are to make the best use of our resources. I propose to deal with this point and the necessary legislation will be added to the Finance Bill at an appropriate stage. There will also be a number of other detailed improvements. All these changes are designed to free the market and encourage development."

"Taxes are stifling independent enterprise in other ways, too."

## Aid for small businesses

"For many years the fashion both in Government and in industry was to favour mergers and amalgamations. No doubt mergers have brought advantages in some cases. But it is now clear that the fashion for industrial elephantism was greatly exaggerated."

"I believe that there are cases where businesses are grouped together inefficiently under a single company umbrella. They could, in practice, be run more dynamically and effectively if they could be 'demerged' and allowed to pursue their own separate ways under independent management."

"The present tax rules can in practice effectively discourage demergers of this kind, by charging the assets of the 'demerged' company to advance corporation tax and income tax as distributions."

"I propose to bring forward, during the passage of the Finance Bill, measures to ease the tax charge on distributions of this kind, subject to certain safeguards and where they are

concerned solely with the genuine splitting off of independent trades within the corporate sector."

"My colleagues and I would welcome any views those outside Government might have on these proposals. It may be that further measures will turn out to be justified."

"I now turn to measures specifically designed to improve the tax environment in which the small business lives and works."

"Any business, but particularly the new small business just starting up, needs somewhere to operate."

"An imaginative and helpful new venture in recent years has been the development of estates of small industrial workshops for separate letting to small businesses."

"I propose to bring in a Small Workshops Scheme which will enable industrial buildings allowances at the rate of 100 per cent to be claimed on the construction of small industrial buildings. The scheme will run for three years, and will simplify the present administrative arrangements."

"I shall also make provision for industrial buildings allowance to be given on the construction of industrial buildings rather than on their first lettings."

"In addition to my own proposals, my right honourable

friend the Secretary of State for the Environment intends to consult on relaxation of planning controls over changes of use as between light industry and warehousing for small units."

"My right honourable friend the Secretary of State for Industry intends to make £5m available to build 1,000 new nursery factory units in assisted areas in co-operation with the private sector."

"New businesses and particularly new small businesses also need capital. Many people with capital to invest might be ready to back enterprising ventures if they knew that losses could be offset against taxed income, instead of only against capital gains."

"I propose that, through a new Venture Capital Scheme, losses on equity investment in unquoted trading companies, incurred after April 5, 1980, may be set off against income."

"Next, I propose to relax the conditions for tax relief for interest paid on money borrowed for investing business, or lending to a close company. The present rules require an investor to have worked for the greater part of his time in the company's business. I propose to abolish that condition, and thus provide a new incentive for outside investment in small firms."

"Just as important as attracting new capital from the outside is the generation of new capital from the inside, in the form of profits which are retained in the business."

"The tax system has now confined for over 50 years a series of provisions under which a 'close' company may be required to justify the amount of profits which it wished to retain in the business, undistributed."

## Finance for expansion

"Following last year's reduction in the rate of income tax, I now propose important changes including the abolition of the apportionment of trading income both of close trading companies and of members of trading groups."

"These changes will cut out a thicket of complex tax provisions, which are time-consuming for the small trading business, and a real impediment to growth."

"But if small companies are

to generate the funds to finance their expansion, they must first earn profits and then they must be left with sufficient of those profits after payment of tax."

"Better profits must come through improved efficiency and greater productivity. That is a matter for industry itself and not for Government. But Government can help by reducing the burden of tax."

"I propose therefore to cut the small companies' rate of corporation tax to 40 per cent—that is no less than 12 points below the full rate of 52 per cent—and at the same time to raise the qualifying limits to £70,000 for the full relief and £130,000 for the marginal relief."

"My next proposal is designed to help the unincorporated small business. It is important that the self-employed should be able, with tax assistance, to make adequate provision for their retirement."

## Annuity relief

"I am therefore raising the limits on retirement annuity relief. The normal percentage of earnings qualifying for tax relief will go up from 15 per cent to 17½ per cent, and the ceiling on the premiums qualifying for relief will be abolished."

"I also propose some minor measures affecting business taxation. Following consultations with industry I propose that the costs of raising business loan finance should be allowed for tax purposes: relief will also be given for pre-trading expenses of a business provided these expenses would have been allowable if the business had been trading when they were incurred."

"Certain changes will also be made in the tax deduction scheme for the construction industry—the 7¼ scheme—which will lighten the administrative burden of the scheme and change certain features which operate harshly."

"As the last element in my package to help small businesses, I am making certain changes in the arrangements for VAT, in order to ease the administrative burden."

"I propose that from midnight the registration threshold for VAT should be increased from £10,000 to £13,500. The de-registration limit will also be increased from June 1. At the same time I shall be increasing from £50 to £250 the relief from payment of tax on stocks and assets when a person de-registers."

## Enterprise Zones

"Despite the severe financial restrictions, we are thus giving help to smaller businesses at many points where the system bears too heavily. Individually relatively few of the measures could be described as of major importance; but taken together they represent a significant step forward in making this country one in which enterprise will be properly rewarded and thus flourish again. Together they will cost about £160m in a full year."

"Finally, I come to an idea that is intended to pioneer a new and more adventurous approach to the whole question of industrial and commercial renewal."

"There are some parts of our economy, most notably in the older urban areas, where more and more public authority involvement seems to have led to less and less fruitful activity."

"The planning process has all too often allowed, even caused, whole areas at the heart of some of our most populous cities to be laid to waste for years, even decades."

"Even when plans do finally come to be made, the public purse is often unable to provide the funds, or the enterprise, to match the planners' aspirations. And when private initiative might have been ready to stir, it has generally

been stifled by rules and regulations—and by a tax system which pays no regard to these special problems."

"Some hon. Members may recall that, in a speech made on the Isle of Dogs, a little less than two years ago, I put forward a proposal for trying to bring new life back to these areas of urban dereliction."

"The idea was not politically partisan. For my thinking had taken place in parallel with that of the distinguished Fabian, Professor Peter Hall. Quite independently, we had concluded that there was much to be said for the establishment of these man-made wildernesses of what I have called 'Enterprise Zones.'"

## Capital allowances

"I am, therefore, pleased to be able to announce today action by the Government which will transform into reality the idea which I then put forward."

"We are proposing to establish, in the first instance, about half a dozen Enterprise Zones—with the intention that each of them should be developed with as much freedom as possible for those who work there to make profits and to create jobs."

"Each will cover perhaps 500 acres. Within these Zones two major tax incentives will be available: first, 100 per cent capital allowances for both industrial and commercial buildings; and, second, complete relief from development land tax."

"But fiscal concessions are only part of what is needed."

"These Zones will, therefore, enjoy the following additional benefits: 100 per cent derating of industrial and commercial property; a drastically simplified planning scheme; exemption from the scope of industrial training boards (with consequent exemption from industrial training levies); accelerated handling of applications for warehousing free of customs duty; minimal requests from Government for statistical information; and abolition of the remaining industrial development certificate procedures."

"I hope and believe that an imaginative experiment along these lines may succeed where conventional policies have proved inadequate. No one can doubt the need for change from present arrangements."

"In far too many of our towns and cities today, and for far too many businesses, particularly small and new ones, the gap between a productive idea and a foreseeable profit has widened into a chasm of red tape. And the same red tape all too often stands between a young school leaver and the prospect of a job."

## Policy document

"Even before this proposal had any official status at all, there has been no lack of interest in the idea. The Government will be consulting local authorities and other interests before decisions on individual areas are made. Fuller details will be found in the policy document, which is being issued this evening. There could not be a better time for making a fresh start of this kind."

"For in the decade that lies ahead, Britain has the opportunity of following a more hopeful path. We have ended the 1970s with a society that is becoming less tolerant, because we live with an economy that has been growing no richer. The 1980s can be very different."

"The disappointments of the last decade spring from illusions that have persisted too long: the illusion that we can pay ourselves what we have not earned; the illusion that governments may go borrowing when they dare not tax; and, most foolish of all, the illusion that we can somehow strike our way to higher living standards."

## Restoration of prosperity

"The essential condition for success in the 1980s is that we should turn our backs on those illusions that we should have the courage, over a period of years, to carry through the realistic policies to which there is no alternative."

"In this Budget I have tried to set those policies in a strategy for the medium term. Nothing will be easy in the years immediately ahead. But beyond that the strategy offers hope of real success."

"It is a strategy for the defeat of inflation, by the re-establishment of monetary control. It is a strategy for the restoration of prosperity, by the encouragement of enterprise."

"Politics is not only the art of the possible, it is also the art of the necessary. The strategy outlined in this Budget is designed to do what is necessary—and so lay foundations for the success which is well within the grasp of the British people."

The Chancellor sat down at 5.35 pm after having spoken for 1 hour 59 minutes.

## The impact on earnings

## Single person—income all earned

Charge for 1979/80			Proposed charge for 1980/81		
Income	Income tax	Percentage of total income taken in tax	Income tax	Percentage of total income taken in tax	Reduction in tax after proposed changes
1,500	83	5.6	87	5.8	46
2,000	212	10.6	237	11.8	25
2,500	362	14.5	437	17.5	25
3,000	512	17.1	637	21.2	25
3,500	662	18.9	837	23.9	25
4,000	812	20.3	1,037	26.6	25
4,500	962	21.4	1,237	27.7	25
5,000	1,112	22.3	1,437	28.7	25
5,500	1,262	22.9	1,637	29.7	25
6,000	1,412	23.5	1,837	30.6	25
7,000	1,712	24.5	2,237	32.1	25
8,000	2,012	25.2	2,637	32.9	25
9,000	2,312	25.7	3,037	33.7	25
10,000	2,612	26.1	3,437	34.4	100
12,000	3,262	27.5	4,237	35.3	244
15,000	4,562	30.6	5,637	37.6	342
20,000	7,022	35.1	8,437	42.2	465
25,000	9,782	39.2	11,237	45.0	612
30,000	12,542	42.2	14,037	46.8	

## Married couples—income all earned

Charge for 1979/80			Proposed charge for 1980/81		
Income	Income tax	Percentage of total income taken in tax	Income tax	Percentage of total income taken in tax	Reduction in tax after proposed changes
2,000	46	2.3	46	2.3	46
2,500	171	6.8	166	6.6	61
3,000	317	10.6	316	10.5	61
3,500	463	13.4	463	13.4	61
4,000	609	15.2	609	15.2	61
4,500	755	16.8	755	16.8	61
5,000	901	18.4	901	18.4	61
5,500	1,047	19.8	1,047	19.8	61
6,000	1,193	21.2	1,193	21.2	61
7,000	1,517	21.7	1,458	20.8	61
8,000	1,841	22.7	1,758	22.0	61
9,000	2,165	23.5	2,058	22.8	61
10,000	2,489	24.2	2,358	23.6	61
12,000	3,139	26.2	2,958	24.6	80
15,000	4,296	28.6	4,017	26.8	279
20,000	6,704	33.5	6,302	31.5	402
25,000	9,112	37.5	8,683	35.3	531
30,000	12,273	40.9	11,588	38.6	685

## Married couple with two children—income all earned

## Comparison with 1979-80 where earnings increased by the RPI increase for 1979

Gross Earnings in 1979/80	Net Income in 1979/80				Adjusted Income in 1980/81	Net Income in 1980/81				Percentage Change in Net Income
	Child Benefit	Income Tax	NIC	Net Income		Child Benefit	Income Tax	NIC	Net Income	
	£	£	£	£		£	£	£	£	
3,000	416	317	195	2,904	5,353	444	417	239	3,223	14.5
5,000	416	917	325	4,174	5,891	444	1,124	298	4,815	15.4
7,000	416	1,217	390	7,469	6,429	444	1,477	359	5,559	15.5
9,000	416	2,117	456	10,494	6,967	444	2,538	579	7,931	15.9
12,000	416	3,036	456	8,924	14,138	444	3,672	579	10,311	15.8
15,000	416	4,296	456	10,664	17,673	444	5,200	579	12,338	15.8
25,000	416	9,364	456	15,596	29,455	444	11,283	579	18,037	15.7



## THE BUDGET

## PETROLEUM REVENUE TAX

## Rate increased 10% and payment in advance

THE CHANCELLOR announced in his Budget speech that the Finance Bill 1980 will contain a number of provisions relating to Petroleum Revenue Tax (PRT). The changes will include increasing the rate of PRT from 60 to 70 per cent.

**RATE OF PRT**  
1—It is proposed to increase the rate of PRT from 60 per cent to 70 per cent for chargeable periods ending after December 31 1979.

**ADVANCE PAYMENT OF PRT**  
2—PRT is assessed for chargeable periods, normally of six months ending on June 30 and December 31. A participant is required to submit a return within two months after the end of a chargeable period and at that time make a payment on account of his PRT liability (assessed tax normally being due four months after the end of the chargeable period).

Any underpayment or overpayment is made good by a further payment by the participant or a repayment by the Revenue.

3—It is proposed that the participant will make an advance payment of PRT six months before the payment on account is due. The amount of advance payment will be the greater of—

15 per cent of the assessed liability (less tax in dispute) for the previous but one chargeable period; and  
15 per cent of the payment on account for the previous chargeable period.

4—The advance payment will be set off against the payment on account to be made for the chargeable period when it is calculated six months later.

For example, for the chargeable period to June 30, 1981 the advance payment due on or before March 1, 1981 will be set off against the payment on account due on or before September 1, 1981.

5—It is proposed that the new arrangements will take effect for the chargeable period to June 30, 1981 (the advance payment being made on or before March 1, 1981) and also for succeeding chargeable periods though not necessarily at the same rate (15 per cent).

6—It is proposed to charge interest where the advance payment falls short of the greater of the amounts in paragraphs 3.1. and 3.2. above or is made late and to pay interest in respect of repayments of advance payments.

**GAS BANKING ARRANGEMENTS**  
7—With "gas banking" arrange-

ments (which vary considerably in form) the common feature is that the participants in a field, producing to much gas for their present requirements "deposit" their surplus gas with participants in another field (the "banker" field) and "withdraw" it later when they need it.

Under present tax rules, this gas is brought into the depositor's tax computations at market value at the time it is deposited, even though no payment is received for it at that time.

8—It is proposed to provide, in regulations to be made by the Board of Inland Revenue, alternative tax rules more appropriate to the circumstances of various gas banking arrangements. Adoption of this alternative basis will be optional.

**GAS FRACTIONATION**

9—Gas is normally separated into its components streams (methane, ethane, propane, etc.) before sale. The present PRT rules allow the cost of separating methane only. It is proposed to allow the full separation costs and to enable the gas to be valued in its separated state.

**TRANSFER OF FIELD INTERESTS**  
10—The PRT legislation

makes no special provision concerning the treatment of expenditure when interests in an oil or gas field are transferred from one participant to another.

Consequently, field expenditure which has been incurred, but not effectively relieved against PRT at the time of a transfer, might be "stranded," with relief for the expenditure not available to the successor even though it is of no use to the original owner.

Also, expenditure incurred before the transfer will not generally count for the purposes of any "safeguard" relief available to the successor.

11—It is proposed to enable the successor to a field interest to obtain relief for unrelieved expenditure incurred before the transfer.

**TRANS-MEDIAN LINE OIL AND GAS FIELDS**

12—Certain fields, for example Statford, straddle the trans-median line between the UK and Norwegian sectors of the continental shelf.

It is proposed that the PRT charge in respect of a trans-median line field should be based on the oil and gas attributed to the UK licensee under the unitisation treaty for the field.

## Forecasts of Expenditure, Imports and Gross Domestic Product

	General Government expenditure on goods and services				Other fixed investment	Exports of goods and services	Stock building	Total final expenditure	Less imports of goods and services	Less adjustment to factor cost	Plus Statistical Adjustment to market	Gross product at two-year cost <sup>1</sup>	GDP Index 1975=100
	Consumers' expenditure	Final consumption	Investment	Total									
1977	63,200	23,250	3,950	27,200	16,200	31,400	1,250	139,350	30,500	9,800	-490	97,500	104.7
1978	66,550	23,700	3,550	27,250	16,950	32,050	900	143,700	31,550	1,850	0	100,200	107.2
1979	69,400	23,350	3,400	27,350	16,450	32,650	1,450	147,500	32,150	2,200	2,000	101,650	108.5
1980	70,900	23,550	2,800	26,750	16,600	32,850	-450	146,750	33,950	12,000	1,800	99,200	106.7
1978 First half	32,850	11,300	1,800	13,600	8,600	15,850	400	71,300	15,700	5,900	0	49,700	106.2
1978 Second half	33,900	11,900	1,750	13,650	8,350	16,550	400	72,400	15,850	5,950	0	50,500	108.5
1979 First half	34,900	11,500	1,650	13,600	8,150	15,900	1,050	73,600	17,200	6,250	750	50,900	109.4
1979 Second half	34,500	12,000	1,750	13,750	8,300	16,750	400	73,700	17,950	6,050	1,250	50,350	108.5
1980 First half	35,150	12,000	1,450	13,450	8,400	16,500	-250	73,250	18,050	6,200	900	49,800	107.2
1980 Second half	34,750	11,950	1,350	13,300	8,200	16,350	-200	72,500	17,900	6,100	800	49,400	106.1
1981 First half	35,100	12,000	1,300	13,300	8,050	16,200	-200	72,450	17,950	6,150	900	49,250	105.9
Percentage changes													
1977 to 1978	5 $\frac{1}{2}$	2	-10	0	4 $\frac{1}{2}$	2	3	4	3 $\frac{1}{2}$			3	
1978 to 1979	4	1	-11	0	3	2	2	11	2			1	
1979 to 1980	1	0	-17 $\frac{1}{2}$	-2	1	0 $\frac{1}{2}$	-1	2 $\frac{1}{2}$	0			-2 $\frac{1}{2}$	
First half 1979 to first half 1980	0 $\frac{1}{2}$	0 $\frac{1}{2}$	-11 $\frac{1}{2}$	-1	2 $\frac{1}{2}$	3 $\frac{1}{2}$	-0 $\frac{1}{2}$	5	-1			-2	
First half 1980 to first half 1981	0	0	-12 $\frac{1}{2}$	-1 $\frac{1}{2}$	-4	-1 $\frac{1}{2}$	-1	-6	-1			-1 $\frac{1}{2}$	
Percentage changes at annual rate													
Second half 1979 to first half 1981	1	0	-19	-2 $\frac{1}{2}$	-2	-2	-1 $\frac{1}{2}$	0	1			-2	

<sup>1</sup> All figures in Table 4 are based on "compromise" estimates of gross domestic product. The statistical adjustment reflects the different movement of expenditure and compromise series. Note—Figures in En are rounded to 100m. Percentage changes are calculated from unrounded levels in En and then rounded to 1% per cent. The index in the first column is calculated from unrounded numbers.

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## THE BUDGET

## CAPITAL GAINS

## New relief for people who let their property

The Inland Revenue later gave details of the changes in Capital Gains Tax proposed by the Chancellor.

At present, where a house is wholly occupied as the owner's only or main residence, any gain on sale is exempted from capital gains tax. But if part of the house is let, the exemption applies only to the part occupied by the owner, any gain on the let part being charged to capital gains tax. The new proposal extends relief to the let portion subject to two restrictions: the relief on the let portion should not exceed an amount equal to the relief on the part occupied by the owner; and it should be subject to a maximum of £10,000.

Where a house has not been the owner's only or main residence for his whole period of ownership, relief is (subject to certain exceptions) restricted to the period of occupation. But the last 12 months are disregarded in making the restriction. This is to cover the case of the owner-occupier who puts up his house for sale and moves out but cannot find a buyer immediately. In future the period allowed will be 24 months. This will apply to disposals on or after April 6. It will supersede the existing concession which extends the period to 24 months only where the disposal takes place within those 24 months.

An individual who makes a gift to another individual will be able to roll over his capital gain if both so claim. If any retirement relief (Section 124 of the Capital Gains Tax Act 1979) is due to the donor, the gain will be reduced by this with only any balance being rolled over.

In the case of business assets, the new relief provides that, where a greater measure of relief is available under the existing provision (Section 126 of the Capital Gains Tax Act 1979) for a gift to an individual, that provision will therefore be superseded except where the donee is not an individual.

## Interaction with allowances

Any capital transfer tax paid on the gift will be treated on subsequent disposal as expenditure incurred by the donee, even if it is paid by someone else, except to the extent that it would create a loss. The new relief will apply to gifts made on or after April 6.

Authorised unit trusts and approved investment trusts will be exempted from corporation tax on their chargeable gains. This will apply to their disposals after March 31.

As a consequence, the credit for investors in these trusts will cease for disposals after April 5.

Section 31 (2) of the Capital Gains Tax Act 1979 provides

## TAXATION OF BENEFITS

## Talks on earnings threshold

IN HIS speech the Chancellor announced a number of changes in the tax treatment of benefits in kind provided for directors and employees earning £5,000 or more. He also announced that the Inland Revenue would be undertaking consultations on the retention of the earnings threshold.

Cars

1—The benefit from the availability for private use of a car provided for an employee by reason of his employment is taxed by reference to a scale relating to the type of car. No change is proposed in this scale for 1980/81, but an Order will be laid shortly, increasing by 20 per cent for 1981/82, the amounts in the scale and the cash figures used as breakpoints between the bands in the scale. This will have the following effect:

Present scale	
Cars costing up to £2,000	£190
1300 cc or less	250
Over 1300 cc	380
Cars costing £2,001-£12,000	580
Cars costing over £12,000	880

1981/82 scale	
Cars costing up to £2,000	£230
1300 cc or less	290
Over 1300 cc	420
Cars costing £2,001-£12,000	690
Cars costing over £12,000	1,050

figures are reduced by one half if the car is used for 25,000 miles or more a year on business. From 1981/82 the qualifying mileage will be reduced to 18,000 miles.

2—At present the benefit from the provision of a car with nil or insubstantial business use (insubstantial being taken for this purpose as 10 per cent of total use) is taxed by reference to 20 per cent of its original price, apportioned between business and private use on a mileage basis.

From 1981/82 insubstantial business use will be defined for this purpose as 1,000 miles or less a year; and the benefit will be taxed at one-and-a-half times the scale figure. The benefit from a second or subsequent car provided for an employee

already being provided with a car will also be taxed at one-and-a-half times the scale figure from 1981/82, regardless of the extent of its business use.

Loans

4—At present the benefit from a cheap or interest-free loan, the interest on which would not be eligible for tax relief, is calculated by reference to a prescribed rate of 9 per cent per annum.

From May 6, 1980 this rate will be increased to 15 per cent. This means that loans outstanding during the whole of 1980-81 will effectively be taxed by reference to a rate of 14.5 per cent.

5. The *de minimis* limit below which the benefit from a loan is not taxed is increased from £50 to £200 with effect from 1980-81.

Provision of assets other than cars

6. At present the value of the benefit from an asset (other than a car) placed at the disposal of an employee is taxed each year by reference to 10 per cent of its market value at the time it was first provided, if the rent or hire charge paid for it by the provider, if greater.

If it is subsequently acquired by the employee, the benefit is the excess of its market value at the time of acquisition over the price paid by the employee.

7. Where such an asset is provided for the first time on or after April 6, 1980, the benefit will be taxed by reference to 20 per cent (instead of 10 per cent) of its market value at the time when it was first provided. If it is substantially acquired by the employee, the benefit taxed will be the amount by which that original market value, less the amount retained by the employee, exceeds the amount by which the current market value over the price paid.

8. These new rules will apply

Capital Gains Tax Act 1979) arising out of a claim that the shares have become of negligible value. It will be available for disposals on or after April 6, irrespective of the date the shares were acquired.

If the conditions are satisfied, a claim for relief from income tax may be made for the year in which the loss arose or for the year immediately following. The time limit for making the claim will be two years after the end of the year for which the relief is claimed. Any unused balance of the loss will be available to be set against capital gains. The proposed legislation will be included in this year's Finance Bill.

Exemption for first £3,000 of gains of individuals. At present gains not exceeding £3,000 a year are exempt and there is a restricted measure of relief above that level. For 1980/81 onwards this will be replaced by a new relief under which an individual whose total net gains in a year of assessment do not exceed £3,000 will not be liable to capital gains tax. Where the gains exceed £3,000 the first £3,000 will be exempt and the excess will be charged at the rate of 30 per cent.

The new relief, like the existing relief (Paragraphs 4 and 5 Schedule 1, Capital Gains Tax Act 1979), will also be available to the trustees of a settlement for a mentally disabled person, or for a person in receipt of attendance allowance, and to personal representatives for gains accruing to them in the year of death and in the two following years of assessment.

Exemption for first £1,500 of gains of trusts. Trusts created before June 7, 1978: For 1980/81 onwards there is to be a new relief for these trusts in place of the existing one (Paragraph 4, Schedule 1, Capital Gains Tax Act 1979). Trustees of a settlement whose total net gains in a year of assessment do not exceed £1,500 will not be liable to capital gains tax. Where the gains exceed £1,500 the first £1,500 will be exempt and the excess will be charged at the rate of 30 per cent.

Trusts created on or after June 7, 1978: There is to be a new relief for these trusts for 1980/81 onwards. This relief will be similar to that for trusts created before June 7, 1978, except where a person is the "settlor" (as defined in Section 45(3) of the Income and Corporation Taxes Act 1970) in respect of more than one such trust (other than certain exempt trusts). In that case the exempt slice will be the amount which results from dividing £1,500 by the number of such trusts, subject to a maximum exempt slice for each trust of £300.

Losses: For all the above reliefs, losses incurred during the year will be set off against gains of the year, but losses brought forward will be used only to the extent necessary to reduce gains to the appropriate limit for the exempt slice (for example, £3,000 for individuals).

Legislation

9. The increase in the prescribed rate of interest for cheap loans was authorised by a Treasury Order laid yesterday, and the changes in the car scales will be similarly authorised. The remaining changes will be implemented by legislation in this year's Finance Bill.

Threshold

1. At present the special rules for taxing benefits in kind apply only to directors and higher paid employees; for this purpose "higher paid" employees are currently those earning at least £5,000 p.a. or more.

The Inland Revenue's consultative paper on the taxation of cars as a benefit issued last August raised the question whether this threshold should be retained in respect of cars.

Before coming to a decision on the retention of the threshold for this and other benefits the Government has authorised the Inland Revenue to hold further consultations.

Application of PAYE

2. The consultative paper on cars also drew attention to the administrative difficulties, both for the Revenue and employers, if the threshold were abolished and benefits continued to be taxed as at present by adjustment of the employee's PAYE coding.

It suggested the possibility of adding the monthly or weekly equivalent of the benefit to cash remuneration each pay day and deducting tax from the combined total. The Government has authorised further consultation on this issue also.

Implementation

3. The Government has no intention of introducing any changes as the result of these consultations until the year 1982-83 at the earliest.

## Public Expenditure White Paper

## More for defence, the law, health; less for jobs, housing, education

THE GOVERNMENT'S public expenditure White Paper, published yesterday sets out spending plans for 1980-81 and provisional plans for the following years up to 1983-84.

The White Paper completes the Government's survey of public expenditure in its first year. The main points are:

- The Government intends to reduce total public expenditure progressively in volume terms over the next four years to a level in 1983-84 about 4 per cent lower than in 1979-80.
- Expenditure in 1982-83, the last year covered by the previous Government's plans published in Command 7439, is planned to be 11.1 per cent (nearly £2bn in 1979 survey prices) lower than in those plans.
- The UK's net contribution to the European Community is projected in these plans on the basis of the arrangements now existing. The change now under negotiation in those arrangements will increase the savings.

● The UK's net contribution to the European Community is projected in these plans on the basis of the arrangements now existing. The change now under negotiation in those arrangements will increase the savings.

● Expenditure in 1980-81 is further reduced since the short White Paper in November 1979 (Command 7746), the main reduction being in housing.

● Expenditure on defence, law and order, health and social security, rises over the period covered by the White Paper. The plans for the industry, energy, trade and employment programme, housing, education and nationalised industries' borrowing are substantially reduced over the period.

## Restoration of incentives

The plans in the White Paper represent a substantial change of direction from the plans published by the previous Government in its White Paper of January 1979 (Command 7439). This change is central to the achievement of the objectives of the White Paper.

● To bring down the rate of inflation and interest rates by curtailing the growth of the money supply and controlling government borrowing.

● To restore incentives which are compatible both with the objectives for taxation and borrowing and with a realistic assessment of the prospects for economic growth.

The main decisions are:

- Defence spending rises at 3 per cent a year up to the end of the period.
- Law and order spending rises by 2.5 per cent a year, to provide for more current and capital expenditure on police, courts and prisons.
- In the social security programme, provision is made for an increase next November of 75p a week in child benefit and 50p a week in the premium payable to single-parent families, for improvements in the family income supplement scheme, and for uprating certain national insurance benefits (the adult rates of unemployment, sickness, injury and invalidity bene-

Main points in the Government's public expenditure White Paper include progressive cuts in public spending; projection of the UK's net contribution to the EEC on the basis of existing arrangements; and increased funding for defence, law and order, health and social security. Details are set out here.

fits and maternity benefit) in November 1980 by five percentage points less than the estimated increase in the retail price index—these benefits are not at present taxed but should be. Retirement pensions and many other benefits will be raised next November in line with forecast prices. Extra fuel help for the poor next winter will be financed from the contingency reserve. It is proposed to end the earnings-related supplement from January 1, 1982.

during the next four years. Some increase is expected in armed forces manpower, after past reductions, and in the health service there will be a continuing increase in staff directly serving patients, accompanied by measures to restrict the number of management staff.

● The contingency reserve in 1980-81 is increased since Command 7746 from £120 to £125. This is precautionary; the Government will aim to avoid or minimise any additional expenditure from the reserve and to keep as much as possible of the reserve unspent. The reserve provision for the later years rises progressively to £200 in 1983-84.

● The plans for 1980-81 have been reduced since the publication of Command 7746. That short White Paper showed the result of the Government's first scrutiny of the plans for 1980-81, designed to stabilise public spending for the time being. The importance of the changes in direction already agreed in that first scrutiny, in relation to the plans of the previous Government, made early public guidance appropriate. The continuing growth of the money supply, which required the corrective action announced by the Chancellor of the Exchequer on November 15, 1979, together with worsening economic prospects generally, showed the need for further reductions in planned expenditure. These are incorporated in the present White Paper.

The combined effect of the changes in both White Papers is to reduce planned expenditure in 1980-81.

● As a result of decisions announced by the Secretary of State for the Environment on February 21, provision for housing has been reduced for 1980-81 since Command 7746. Lower figures are projected in the later years, reflecting the reduction in local authorities' building programmes and the Government's commitment to reduce housing subsidies.

● Education provision in the later years has been reduced, reflecting a continuation of economies to be made in 1980-81 and the fall in pupil numbers.

● Civil Service numbers are on a downward trend, and local government manpower is also expected to decline overall.

## More strength for Forces

By the end of the period, the projection is that the nationalised industries, in aggregate, will be making net repayments of borrowing as current losses are reduced and underpricing of electricity and gas is eliminated.

● Civil Service numbers are on a downward trend, and local government manpower is also expected to decline overall.

programme, housing and education; and in the total net borrowing requirements of the nationalised industries.

## Public service manpower

The Government believes that there is substantial scope for increasing efficiency in most programmes. A number of policies are directed to this end, including the setting of strict cash limits, the review of Civil Service costs, and the scrutiny of central government functions being carried out under the direction of Sir Derek Rayner. The reductions in programmes included in this White Paper will contribute, as will the measures being taken to require individual local authorities to publish manpower cost information and to introduce proper accounting procedures for direct labour costs.

Public service manpower has stabilised since 1976-77, following earlier expansion. The Government intends a continuing reduction over the next few years.

In central government, Civil Service numbers will be on a downward trend, despite some increases in Social Security staff because of an assumed rise in the number of claims for benefits. The measures announced by the Lord President on December 8, consequent on the Government's review of the size and cost of the Civil Service, will save the equivalent of some 40,000 posts. Added to previous measures saving 30,000 staff, these savings so far identified amount to about 8 per cent of the total size of the Civil Service, when the Government took office.

In the health service there will be more staff directly serving patients, but measures to restrict the number of management staff. There will be some increases, after past reductions, in Armed Forces manpower. Both for the health service and for the Armed Forces, manpower will average about 1 per cent a year over the four years up to 1983-84.

The plans reflect the Government's policy to give greater priority to defence, law and order, and to maintain the planned growth in spending on the national health service. These programmes are planned to rise throughout the period. The main reductions over the period are in the industry, energy, trade and employment

## Changes in the plan

SUMMARY OF DIFFERENCES FROM CMND 7746: 1980-81  
£ million at 1979 survey prices

	1980-81	1981-82	1982-83	1983-84
1. Defence	-	-	-	-
2. Overseas aid and other overseas services	-3	-3	-3	-3
Overseas aid	-3	-3	-3	-3
EEC contributions	+24	+24	+24	+24
Other overseas services	-3	-3	-3	-3
3. Agriculture, fisheries, food and forestry	-116	-116	-116	-116
4. Industry, energy, trade and employment	-122	-122	-122	-122
5. Government lending to nationalised industries	-300	-300	-300	-300
Roads and transport	-4	-4	-4	-4
6. Housing	-378	-378	-378	-378
7. Other environmental services	-21	-21	-21	-21
8. Law, order and protective services	-12	-12	-12	-12
9. Education and science, arts and libraries	-21	-21	-21	-21
10. Health and personal social services	+65	+65	+65	+65
11. National security	-1	-1	-1	-1
12. Other public services	-21	-21	-21	-21
13. Common services	-22	-22	-22	-22
14. Northern Ireland	-14	-14	-14	-14
15. Total programmes	-678	-678	-678	-678
Contingency reserve	+250	+250	+250	+250
Debt interest	+300	+300	+300	+300
Total public expenditure, before shortfall and special sales of assets	-128	-128	-128	-128
Programmes and contingency reserve	+100	+100	+100	+100
Net overseas and market borrowing of nationalised industries	-328	-328	-328	-328
Special sales of assets	-	-	-	-
Planning total	-328	-328	-328	-328
General allowance for shortfall	-	-	-	-
Planning total after shortfall	-328	-328	-328	-328

1980-81

1981-82

1982-83

1983-84

1980-81

1981-82

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## THE BUDGET

## PERSONAL TAXATION

## Tax changes that mean little

WITH HIS increases in the main income tax personal allowances, and the abolition of the reduced rate band, the Chancellor has managed to achieve a double. The 18 per cent increase in allowances meet, almost exactly, the requirements of the Rooker/Wise clause, that those allowances be increased annually in line with inflation. On the other hand, the removal of the reduced rate of 25 per cent provides sufficient compensation in revenue terms for those increases in allowances. On their own they would have caused too heavy a loss. But also doing away with the reduced rate enables the Chancellor to simplify the structure and to save staff.

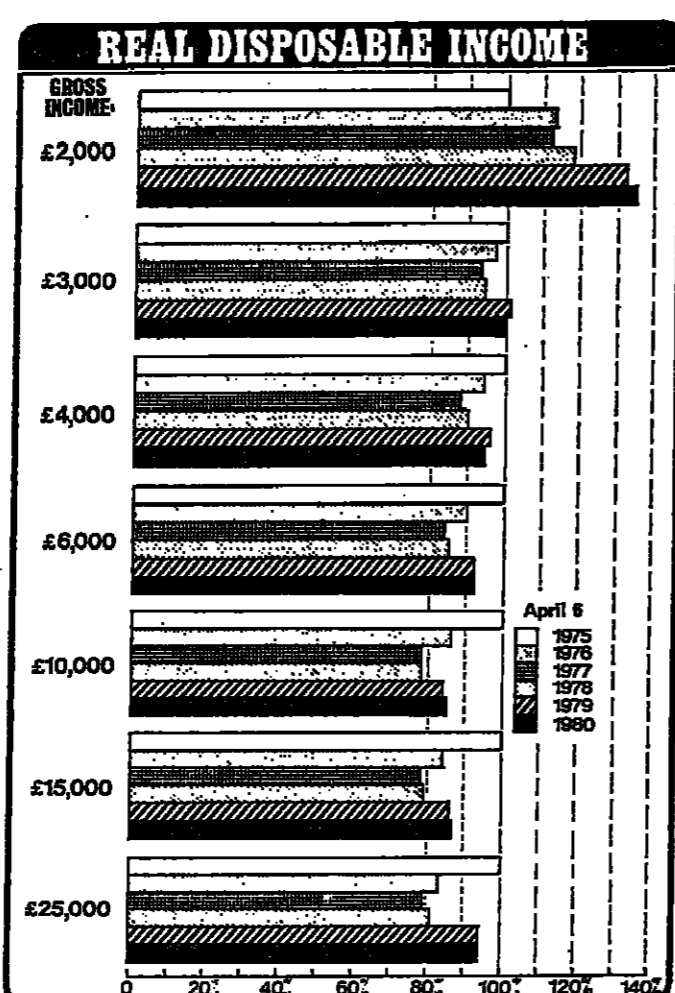
The increase in the personal allowance from £1,815 to £2,145 would provide a benefit for a married man paying only basic rate tax of £92. The abolition of the 25 per cent tax rate on the lowest £750 of his income produces an offsetting cost of £37.50. But the overall position of the married man with children is further improved by the rise in child benefit from £4 to £4.75 promised for the autumn. For a single man, the increase of £210 in the personal allowance, and absence of the lower rate, provides a net benefit of £28.50 if he pays tax only on the basic rate. Those paying higher rates at the margin clearly benefit more in pure money terms, but less as a proportion of income.

The higher rates of tax (40 per cent to 60 per cent) remain unaltered, but the threshold at which each of the bands commences has been lifted by approximately 11 per cent. The top rate now cuts in at a taxable income of £27,750.

The investment income threshold has been lifted from £5,000 to £2,500, but no more drastic change proved possible—all that we have is a promise that for future years this figure, and those for each band of the higher rates will be fully indexed.

A welcome relief has been provided for widows—the single persons allowance in the year of bereavement will in fact be equal to a married persons allowance. And the single parent's allowance is also increased by £120 to £770. The personal relief for the elderly goes up by 18 per cent.

There were three other tax changes affecting individual taxpayers generally—two of them welcome, and the third



less so but not unexpected. This is the cut in the rate of tax relief on life assurance premiums from 17 per cent to 15 per cent. But it will not become effective until April, 1981.

There is a welcome removal of what many have always seen as an anomaly—the charge to capital gains tax on the sale of a house where its owner has let some part of the accommodation and himself used only the remainder. And equally welcome will be the relief now to be given against the higher rates of tax for charitable deeds of covenant. The ceiling for these is £3,000 per annum, and reduced themselves can now be for four years only in place of seven.

The overall picture of the main income-tax "changes" must be that they amount to little. At all income levels up to just over £12,000, the

married man will benefit by around £60 per annum. Over that figure, where the benefits of the raised threshold and wider bands of the higher rates become effective, the benefits are much greater.

The table shows, for seven representative taxpayers with earnings ranging from £2,000 to £25,000, what has been the effect on their real disposable income—spending power left in his pocket by the Chancellor. The assumption has been made that each of them had the maximum permitted increases in earnings during three years of pay policy from April, 1975, to April, 1978, and that since then they have been in line with the average increases in earnings. Tax and national insurance are taken out, and child benefit for two children added in. The net spendable income, numbers so

arrived at have then been indexed (1975 = 100) in line with the movement in the Retail Price Index.

Those at the bottom of the income scale, so long as it is true that they have been able to hook their earnings increases to what is probably mis-called the "norm," have steadily improved their standards of living. Those at the other end are behind the game, but not so far behind it as they were two years ago. But surely the middle range, including for instance the young executive on £10,000 should have been better treated than he has?

The Chancellor has started his promised attack on perks in a small way. He hopes that his other measures will induce employers to reduce their provision and he has singled out three areas for immediate attention.

The scale rates on which the users of company cars are taxed are to be increased by around 20 per cent from April, 1981, while the qualifying mileage at which the rates are halved for high mileage users is to be reduced from 5,000 to 4,000. The proposed figures will still only represent about 40 per cent of the Revenue's estimates of the cost of running a car with an annual mileage of 8,000; the Revenue's figures are based on AA estimates for 1979 and with this lead time in translating statistics into taxable benefits the company car continues to be extremely valuable for the ordinary employee. However, cars whose business use is insubstantial will be taxed at 14 times the scale figure, instead of 15 times. The threshold below which no charge arises has been substantially increased from £50 to £200 of interest per year and loans which would in any case qualify for tax relief continue to be exempt from any charge.

Any interest paid by the employee is deducted from the interest charge at the official rate in arriving at the taxable benefit.

Thus an employee may borrow £1,333 interest free for a full year for any purpose without incurring a tax charge; a £5,000 loan repayable over five years without interest would give a tax charge on £875 in the first year.

All of these special charges on benefits in kind continue to apply to directors and to employees earning in excess of £5,500 per year. Sir Geoffrey implies that he agrees with representations from some professional bodies that there is no valid reason for treating the higher paid more severely than other employees for these purposes although he foresees considerable practical difficulties for employers and the Revenue if benefits are to be taxed on the basis of all employees. He proposes to consult employers during the next year and to review the matter in next year's Budget.

David Wainman

## PETROL AND VEHICLE EXCISE DUTY

## Heavy lorry handicap

THE PROPOSED increases in duty on petrol, diesel fuel and vehicle excise duty will add an estimated £300m to industry's costs in a full year.

The road haulage industry will have to find an extra £50m in vehicle excise duty (VED) and £55m extra for diesel fuel. That adds about 1.5 per cent to daily operating costs, according to the Freight Transport Association.

The industry is in the grip of recession—exacerbated by the steel strike—and it is extremely doubtful if all the increase can be passed on to customers. Hauliers have already fallen behind and failed to recover 15 per cent of a 21 per cent cost increase in 1979.

By increasing the VED on goods vehicles of over nine tons unladen weight by 30 per cent against 20 per cent on other vehicles, the Government has returned to its theme that heavy lorries must pay their full share of road costs.

The hauliers last night took the view that these changes were pre-empting the Transport Department's proposed changes in the way vehicle excise duty is assessed for heavy goods vehicles.

But the Department insisted that the Minister intends to introduce the appropriate legislation for a fairer distribution of motoring taxation "at the earliest convenient moment."

The Chancellor's measures will do nothing to make the system any fairer. The Transport Department's own figures showed that all vehicles over 12 tons gross weight will pay an estimated £600m in tax in the current financial year but incur track costs of £500m.

The various road-user organisations complained in harmony last night about getting a raw deal in that in the current year only £1.85bn of the £5.57bn road user taxation was spent on road building or maintenance, or less than one third. Five years ago the proportion was more than half.

The Government will now col-

lect well over £600 a year and even at the present rate of spending only 30p in the £ will be earmarked for roads. But the motoring organisations—the AA and the RAC—both expect spending to be cut again in view of the reduction in public expenditure now called for.

Mr. Norman Fowler, the Transport Minister, in a written answer yesterday, said his Department was going ahead with its plans to phase out vehicle licensing offices to save more than 1,000 civil servant jobs and £7m in administration costs.

There will be further savings from changing the minimum licensing period from four to six months, a measure to take effect on October 1 this year. Nearly all relicensing work will be transferred to an increased number of post offices. And post offices will sell 55 stamps to be used in whole or part payment for any vehicle licence. Sales will begin on August 11.

The Motor Agents Association said there was no reason to expect increased petrol costs to have any adverse impact on car sales.

The motor agents, hauliers and the Society of Motor Manufacturers and Traders all welcomed the fact that the tax on diesel fuel has been increased into line with that on petrol. In the past Britain has taxed diesel fuel higher than almost any other country.

Development of the diesel car engine can now go ahead on engineering merit, said the SMMT.

The society was more sceptical about the value of abolishing VED on electrically propelled vehicles, noting that "Any large expansion of use of this type of vehicle is still a long way off."

The Chancellor said he was making the change to encourage development of alternative road fuel sources. But the concession is relatively small. About 35,000 electrically propelled vehicles currently pay concessionary rates of VED. Almost all are light goods vehicles and typically pay VED of between £40 and £70 a year.

On the domestic front petrol sales are not expected to fall significantly following the 10p a gallon price rise that came into force last night.

The 10p increase, which will take the average price of a gallon of four star from about 122p to 132p, includes VAT and duty. Duty has been put up by 8.64p a gallon from 38.82p to the price of a gallon of four star is estimated to have risen from 43.4 per cent to 47.5 per cent.

But the major oil companies, including Shell and BP, said petrol sales would probably only temporarily and slightly fall within a matter of days. They were sceptical about the Chancellor's claim that duty on petrol and other oil products should be increased so as to prevent oil reserves being wasted.

The increased tax on petrol will yield an extra £450m. Duty on diesel has been increased by 3.64p a gallon which will add an extra 4p a gallon to pump prices and yield £55m. The duty on fuel oil, lubricating oils, gas oil and aviation fuel has been increased by 3.5p. The revenue will be about £50m.

The Chancellor warned that he would introduce a duty on petrol given free to employees if the practice continued to grow. At present around 60 per cent of all cars—there were 14.5m on the roads last year—are company owned.

Petrol sales are currently growing at around 2 per cent a year and over 5.5m gallons are expected to be sold in 1980. Shell said the average motorist buys 330 gallons a year and the latest tax rise would add just over £38 to his annual bill.

The Motor Agents Association said yesterday that the increase in petrol prices would accelerate the closure of some of the smaller petrol stations. There was "no doubt that more would go to the wall," especially in areas where there was already petrol price cutting. Last year 1,905 petrol stations shut down—4.4 per cent of the total.

Kenneth Gooding, Sue Cameron

## GAMBLING

## Stiff taxes on casinos

THERE WERE sharp cries of pain in London's clubland last night for the Chancellor's stiff new taxes on casino gaming—designed to boost the revenue yield in a full year from £6m to £15m—confirm that the boom days for UK casinos are well and truly gone.

In addition, the rate of bingo duty is being raised to yield an additional £10m yearly and the duty on gaming machines is being restructured to produce an extra £1m.

Changes in taxation on casino gaming will begin on October 1, 1981. The present duty, based on the rateable value of casino premises and the number of gaming tables provided, has been scrapped. Instead, the duty for each six-month licence period will consist of an advance payment of £250, plus a final payment based on the following percentage of the gross gaming yield, defined as stakes less winnings.

Two and a half per cent of the first £250,000, plus 5 per cent of the next £500,000, plus 10 per cent of the next £1.75m, plus 20 per cent of the remainder of the gross gaming yield in the six-month period. Transitional arrangements will operate for the licence periods up to September 30, 1981.

"The changes are penal," said a leading casino manager last night. "According to my estimates, the duty yield will be raised by more than three times, not two-and-a-half."

However, the new taxes fall a long way short of those recommended by the Rothschild Royal Commission on Gambling in 1978. Lord Rothschild's Commission proposed a severe restructuring of the duty system, which in 1977 would have raised casino tax receipts from £5.5m to as much as £54m—£40m via a new tax on casino gamblers, plus an additional £14m from casino owners.

The heaviest burden of the higher rates will inevitably fall on the 23 casinos in London, but those in the provinces will also suffer sharp falls in profits.

Together with a depressed tourist industry (and thus a dearth of big spenders), the continued strength of sterling, uncertainties over several existing major casino licences and the disaffection of investors, the casino sector has been virtually stripped of its last vestige of glamour.

From September 30 this year, the rate of bingo duty will be increased from 5 per cent to 7.5 per cent of stakes and from 1/19th to 3/37ths of any amount by which the total value of prizes exceeds stakes after deduction of duty payable. Bingo duty in 1979-80 was £19.4m. The new revenue yield will produce an extra £10m a year.

The point of the new gaming machine licence duty is a new peak rate duty of £500 a year for jackpot machines costing more than 5p per play in clubs. The additional revenue yield is a little more than £1m.

Michael Thompson-Noel

## NATIONAL HERITAGE

## Fund treated as charity

THE ARTS have done well out of the Budget and the accompanying public expenditure provision for 1980-81. In total, the Government is giving £163.2m to arts bodies, museums and libraries in the year, a rise of 18.1 per cent. The principal grant is the £70m for the Arts Council which was announced last week.

In addition, the Chancellor announced in the Budget changes designed to encourage the preservation of the national heritage. The National Heritage Bill is planned to receive the Royal Assent on March 31. It will provide £15m a year with which to acquire for the nation works of art in lieu of capital transfer tax, through the National Heritage Fund. The fund will now gain the same relief from tax as a charity.

There are also more detailed changes. At present, the law

provides tax reliefs for funds set up for the maintenance, repair and preservation of historic buildings and their surroundings if the owner agrees to certain conditions—basically that the public should be given reasonable access. It is now planned to extend such reliefs to cover funds set up to maintain land surrounding a house which has scenic, scientific or historic interest, and also the contents of a house which are historically associated with it.

Since most of the appeal to the public of a stately home is its treasures and gardens, this seems a sensible move.

At present, tax relief for maintenance funds is only available on money spent on the maintenance of a historic house. When such a fund ends, the property in it has to go to a heritage body or charity. Such restrictions have inhibited

owners from setting up maintenance funds of this kind. Under the Budget proposals, the restrictions will be modified to allow recoverability after more than six years, subject to an appropriate tax charge. These new arrangements will also obviate the difficulties at present operating, resulting from the operation of the rule against perpetuities. (At the moment, a maintenance fund must come to an end after a period of around 80 years.)

The main items of the planned expenditure on the arts include more than £33m earmarked for the British Library; £9.3m for the British Museum; £8.1m for the Victoria and Albert Museum; £5.75m for the British Film Institute; £5.49m for the Science Museum; £5.3m for the National Gallery; and £4.5m for the Tate.

Antony Thorncroft

## DRINK AND TOBACCO

## Relative relief all round

THE DRINK and tobacco industries collectively gave a large sigh of relief at the lower than expected increases in excise duty on beer, wines, spirits, and cigarettes. Had the Chancellor decided to increase duties in line with inflation since they were last increased—in 1977—then the price rise for both cigarettes and alcoholic drinks would have been at least double if not more.

The tobacco industry, which has been smarting at criticism of the bad effects on health of smoking, had expected a much higher increase in the belief that an attempt would be made to discourage smoking as well as raise revenue. However, the 5p increase on a packet of King Size cigarettes which are smoked by six out of every ten smokers—was slightly less than the 6p per packet increase in the Budget last June as a result of the higher VAT imposed then.

The VAT increase last year led to an immediate 10 per cent fall in cigarette consumption by the 12m regular smokers in the UK. But within a few weeks sales quickly recovered and the year ended only about 1.5 per cent down in sales. It seems likely that a similar sharp fall in sales will follow the latest increase—especially following the heavy pre-Budget buying—

but that sales will later recover. However, the duty increase may have greater significance in sparking off a renewed price war among the major cigarette manufacturers who are anxious to maintain market share while the King Size market is still growing. Price increases inspired by the Budget tend to focus smokers' attention on price rather than brand loyalty, and forcing tobacco companies to offer price promotions with often disastrous effects on profitability.

The duty increases are not due to take effect until goods cleared from midnight tomorrow and the major tobacco companies are expected to announce today or tomorrow by how much and when retail prices will increase. There seems little prospect of the increase in duty being absorbed by the manufacturers and not passed on to smokers.

The Customs and Excise estimate that the effect of the duty increase will be to bring in another £160m in 1980-81 and £195m in a full year. The tobacco industry already pays about £2.5bn in duty plus a further £500m in VAT. The latest increase means that duty and VAT combined account for nearly three-quarters of the total revenue earned by the tobacco industry.

Apart from cigarettes, the duty increases will mean about 5p per packet extra on five whiffs or ten small cigars. Hand-rolling tobacco will go up by 7p per 25 gram pack, while pipe tobacco will be less at a 3.75p increase for a 25 gram pack.

On the drink side, the brewing industry has proved traditionally resilient to changes in duty in the past. The last increase in excise duty of 10 per cent in January 1977 led to an annual fall of 1.3 per cent but the previous year was exceptionally good because of the weather.

This year the industry does not see any reason to alter its pre-Budget forecasts of total demand up by just under 2 per cent. Its main worry is not so much with the increase in excise, about which there is relief, but the increased transportation costs.

Distribution has proved to be one of the most vulnerable of brewing industry considerations and higher distribution costs this year following wage settlements of over 20 per cent will particularly hit the Big Six national brewing groups.

There were some indications last night that the price of a pint of beer in many parts of the country will probably increase by 3p a pint. The large

groups in particular are likely to have to do this in order to cover increased costs.

The trade has some scepticism about the Chancellor's projected increases and last June the increase in VAT which the Government expected would mean an extra 2p a pint led to average rises of 3p.

Publicans are fairly pleased with the Chancellor's announcements. His moves on gambling machines are likely to hit the clubs which have been able to sell much cheaper beer because of the subsidy involved. The duty-related increase will also be proportionately higher on club beer than that sold in public houses.

Despite public protestations about the increase of 50p on a bottle of whisky, distillers in Scotland are happy that the industry escaped the increases it believed were on the way. The consensus among analysts and the City had been increases of between £1 and £1.40 a bottle.

Whisky prices have, in effect, risen twice this year already. The switch to metrication led to a price increase at the beginning of the year of 31p a bottle. And last month the distillers announced price increases which have resulted in increases averaging another 30p a bottle.

Due to exceptionally high releases from bond last year the available whisky stocks are high. The industry talks about a psychological barrier of £5 a bottle and with the duty increase this figure is now well breached. However, the supermarkets which rely on aggressive pricing for their whisky sales are not expected to pass on the full increase in duty for the next month or so.

Wine sales are probably the most vulnerable to the Chancellor's measures. The Wine and Spirits Association had been campaigning hard for a six-week deferment of duty to help its members' cash flow problems and they have been disappointed for the third year. Wine sales increases have slowed down considerably over the past few months and the last increase in duty in 1977 meant a decline in sales for six months.

The trade is worried that its distributive costs will soar because of the increased transportation costs and also that the continued squeeze on personal income will deter occasional wine drinkers from buying or in many cases trading down their type of wine.

Davi Churchill, Gareth Griffiths

## STRIKERS' BENEFITS

## Raising the cost of going on strike

THE DECISION to raise the cost of going on strike by reducing the level of benefit that strikers can claim for their families is a political not a financial one.

As the Chancellor said in his Budget Speech, payments to strikers are "widely and understandably resented." He has been persuaded by the argument that social security payments are sufficiently generous to influence workers' decisions whether to strike, and how long to stay out.

The measure, which Mr. James Prior, Employment Secretary, has always been keen to introduce, is designed to shift the balance of industrial power towards the employer and at the same time to give trade unions more control over their members.

Details of the plan have yet to be announced, but it is likely to apply to official as well as unofficial disputes. When a worker goes on strike, he will be assumed to be receiving £12 a week even if his pay is not giving strike pay. This sum,

£2 higher than originally proposed, is about the most that any manual trade union allows (it is double the dispute benefit of the Transport Workers') and slightly less than that of the most generous white-collar unions.

Trade unions do not run large strike funds in Britain—partly, it is argued, because Britain is one of the few countries which pays social security benefit to strikers' families.

In most years they spend only a fraction of their income on dispute benefit. Most of their outlay is on administration. Their assets are tied up chiefly in their own office buildings and in equity portfolios.

When a major dispute occurs, they may sell their investments or start a strike levy. Sometimes, as in the case of the Iron and Steel Trades Federation today they decide to pay no benefit at all, but spend their money on administration of the strike and propaganda. The ISTC—a relatively rich union worth about £11m in all—has spent over £11m running the

strike. If it tried to match the Government's £12 "deemed" strike pay, it would be facing a bill for a further £14m.

The great majority of British strikes are unofficial. Generally they are short and it takes time for the necessary procedure to declare a strike official. Sometimes unions will not support a strike for financial reasons.

The logic of the deemed proposal is that unions should now raise subscriptions substantially to match Continental or U.S. levels, and build up big strike funds with which to do battle. This may or may not be what the Government intends, but it is unlikely to happen to any great extent.

More probably, unions will give the hardship factor greater account, and one result of that might be to reinforce an already visible trend—especially in the white-collar field—to take selective action involving small numbers in sensitive areas like computer centres.

The sums involved are not very great at present, even in exceptional years like 1971

when benefit paid to strikers totalled £4.3m (the post office dispute), 1972, when £8.5m was paid mainly to miners and builders and 1974 when £5m was paid to miners. The steel strike has cost about £8m in supplementary benefit.

Last year, for example, strikers' dependants received a total of £2.5m. Nearly 50,000 strikers qualified—to be eligible the strike has to last more than two weeks—and just 251 received benefit for themselves qualifying under the "urgent need" heading. The average weekly payment was thus £17.39 for the main category.

Thus the sums generally become significant only when there is a long, all-out dispute. According to a study by the engineering employers, supplementary benefit is generally paid to only a small proportion of strikers, and seldom accounts for more than a quarter of the family's income during the dispute. In long disputes the ratio of that receiving supplementary benefit can rise to a third or a half.

Much more important sources

## THE BUDGET

## PUBLIC EXPENDITURE

## A steady reduction in spending

"THE MOST far-reaching review in recent times of medium-term expenditure plans" is how the Chancellor characterised public spending decisions which were at the heart of his Budget Speech and of the financial plans unveiled with it. His hope is clearly that he will be judged on the immediate cuts that he has announced for 1980-1981, but also, and mainly, on the steady reduction in public spending which he plans to carry through between now and the next General Election, in 1984.

The cuts proposed for next year are very much in line with pre-Budget expectations of around £700m, in terms of the "funny money" (1979 survey prices) which is used to measure the volume of public spending. In the event, cuts in specific programmes amount to £688m. In prices ruling in 1979-80, the Chancellor estimated this as being equivalent to £900m.

By far the biggest cuts (£32m) is administered to that regular Budget scapegoat, the housing programme. The other major reduction (£182m) is in the Export Credit Guarantee Department, with smaller sacrifices being spread broadly over most other government activities, except law and order.

Despite the social security cuts which were the centrepiece of the Chancellor's announcement, the social security budget will be £31m higher next year than the estimate in the White Paper of November, 1979.

In addition, the Chancellor has kept up the tradition of imposing across-the-board cuts on all departments without the need for detailed political agreement in Cabinet by failing to take full account of the likely rate of price and wage inflation, in setting the cash limits which determine how much money each department is actually allowed to draw from the Treasury.

The cash limits have assumed inflation of 14 per cent between 1979-80 and 1980-81. Since the Chancellor in fact expects the outcome to be "a point or two higher," the cash squeeze will reduce public spending by a further £700m. This is, if anything, a slightly smaller reduction than City analysts were expecting. Perhaps because there is little in the immediate future to satisfy the "hawks" in the Conservative Party, it is on the medium-term projections that the Chancellor wants to concentrate attention.

Having inherited plans for

rapid increases in almost all categories of public expenditure from its Labour predecessors, the Government's initial reaction, in June and November last year, was to put all its efforts into holding spending constant in real terms. Only now has the Chancellor taken the bit between his teeth and committed himself to a marked annual reduction in the volume of public spending.

In constant 1979 survey prices, expenditure on programmes (that is, excluding debt interest, contingency reserve and shortfalls) is planned to decline steadily from £71.7bn in 1979-80 to £70bn in 1980-81, and ultimately to £66.4bn in 1983-84. If these plans are achieved, there will be a fall of 4 per cent in real terms over the next four years. By 1982-83, public spending will be 11 per cent below the volume planned in the dying days of the Labour Government. This comparison no doubt overstates the contrast between the two administrations' true intentions with regard to public spending, since Labour's plans were laid before last year's oil crisis and would certainly have been modified in the present, much gloomier, economic environment. The plans in the present White Paper, for their

part, become less and less firm as one moves towards the end of the planning period, in 1984. Beyond 1980-81, the sums allocated for the programmes which will bear the brunt of reductions seem to be statements of general intentions, rather than projections of what specific measures may cost in future years. Many of the painful political decisions which will be required to reduce the housing programme from £4.7bn in 1980-81 to £2.8bn in 1983-84, and the industry and employment programmes from £2.9bn to £1.8bn between the same years have yet to be made.

Nevertheless, the White Paper does underline an all-important difference between the attitudes of the two governments. The Chancellor drew attention to this when he said that the Government would no longer be prepared to build public expenditure on wishful thinking. Throughout the White Paper there is an admirable emphasis on caution, which is typified by the decision to use part of the £688m reduction announced to add £250m to the contingency reserve, rather than to make the bottom line spending total look more dramatic. The growth assumption em-

bodied in the figures is of 1 per cent per annum growth between now and 1984. Furthermore, far from making any premature credit for a cut in the EEC budget contribution, the paper's expenditure totals include provisions for a modest increase, on the basis of present arrangements. Any favourable developments will significantly relax the constraints assumed in the White Paper and the medium-term monetary plan.

The difficulty of making the sort of cuts which this medium-term plan requires is greatly exacerbated by the Government's pledges to maintain the growth of some of the biggest programmes. Thus defence is to grow by 3 per cent a year, rising from £7.7bn in 1979-80 to £8.7bn in 1983-84. Law and order will grow by 2½ per cent a year, to £2.7bn, and health by 2 per cent to £3.5bn. The scope for offsetting increases in the cost of health care through higher charges is clearly very limited in relation to these magnitudes, as evidenced by the announcement that the increase in prescription charges, which is bound to be highly unpopular, will raise only £30m in a full year.

Anatole Kaletsky

## WIDER SHARE OWNERSHIP AND PROFIT-SHARING

## Two steps forward . . .

IT WAS part of the Conservative party's election manifesto that a Conservative government would "expand and build on existing schemes for employee share ownership." The Government has now taken two steps in this direction. The first is to make more attractive a scheme under which employees are granted shares by their company as a way of sharing out its profits. The second is to restore the thrust of legislation originally introduced by Lord Barber in 1973 which reduced the tax payable on the exercise by employees of options which allowed them to buy shares in their company at a fixed price. This tax break was subsequently removed by the Labour Chancellor, Mr. Denis Healey.

The first, or "profit-sharing" scheme, originally resulted from Liberal pressure at the time of the Lib/Lab pact and was introduced in the 1978 Finance Act. Three improvements are now to be introduced, which will go some way to appease critics of the scheme in its current form. The value of shares which can be granted to each employee will be increased from £500 to £1,000 per year, thus making the scheme more relevant to

senior executives. The period for which the shares must be held has been reduced from five years to two, and the period for which they must be held to avoid all income tax on their sale has been cut from 10 to seven years. The last two changes, and the sliding scale of taxation which governs them, may be somewhat disappointing to the Confederation of British Industry but they do give the average employee a slightly increased sensation of tangible benefit from such profit sharing.

Improvement in this profit-sharing scheme was widely expected before the Budget. But the dusting-off of Lord Barber's employee share option legislation was more of a surprise. The details of the new version have not yet been released. The essence of the scheme is that a company grants an employee a fixed price option to buy shares, at some date in the future, using cash which he saves by making a contribution through a special SAYE scheme administered by the Department of National Savings.

The scheme involves two potential tax benefits. First, at the end of the saving periods

of five or seven years, the employee receives a tax free lump sum, bonus. Second, he will not be charged income tax on any increase in the share price over the option price—i.e. on the increase in the value of his option.

The Labour Government greatly reduced the appeal of the original Lord Barber version of this scheme by making any profit arising from an increase in the share price liable to income tax.

The exact taxation provisions of the new version, and the annual contribution which will be allowed under the linked SAYE scheme, have not yet been spelt out. The details should become available in the next two to three weeks according to the Inland Revenue.

In the 1973 version the employee could contribute £240 per year and receive a bonus of £280 after five years and another of the same amount after seven years. One important change in the new version is that the SAYE scheme will be administered exclusively by the Department of National Savings—restriction which did not apply before.

Nicholas Colchester

## DEMERGING

## Splitting the giants

SHORTLY BEFORE Christmas Mr. John Nott, the Secretary of State for Trade, surprised the City and his own department by announcing that a Government working party was looking into ways of making it easier for large companies to break themselves up into their separate components.

Mr. Nott's years as a merchant banker have left him a profound cynic about the virtues of synergy, economies of scale, and the other catch phrases of the takeover boom in the early 1970s. And his views took on a topical note when the General Electric Company (GEC), let it be known at a delicate stage of its unsuccessful bid for Racal that its senior management had for some time been considering the possibility of splitting the group up into half a dozen separate businesses.

This lies behind the Chancellor's decision to bring forward proposals designed to ease the company's task of demergering. The proposals are currently making demergering impractical for most companies. At present, any distribution by a company—whether in the form of cash or assets—is normally subject to income tax in the hands of the shareholder. The company itself is liable to pay advance corporation tax on the distribution. The combination would make a devastating inroad into any attempt by a company to offer its shareholders separate shares in its different subsidiaries in exchange for their single investment in the overall group.

The Chancellor plans to ease the tax bias on distributions of this kind, but he has made it clear that safeguards will have to be retained to prevent tax avoidance. Otherwise, at the simplest level, it would be possible for companies to pile up assets in a subsidiary and then pass them on to shareholders in what would effectively be a tax-free dividend. Only cases which are "concerned solely with the genuine splitting off of independent trades within the corporate sector" will be approved, Sir Geoffrey said yesterday.

The proposals, which have yet to be announced, will most probably appear during the Committee or report stage of the Finance Bill. The Inland Revenue does not want to get involved in any system of prior clearance, which would involve it in making commercial judgments about particular cases as they came along. It hopes instead to be able to lay down a set of rules by which companies will be able to judge for themselves whether they qualify. The Chancellor said that any outside views on the subject would be welcome.

It is most unlikely that the proposals which are eventually formulated will have a major impact on the shares of the corporate sector. Quite apart from the unwillingness of main board management to preside over a reduced empire, there will remain some solid advantages in the financial muscle which comes with size. Large businesses have advantages when it comes to raising finance and can support cash-hungry operations with the cash flow of their mature interests. Demergering could involve complicated and expensive changes in the security for existing loan stocks and mortgages. Most important, large groups can offset tax liabilities in one part of their business against allowances elsewhere and this bias is bound to remain.

Moreover, the Government is not at this stage contemplating

changes which would make it easier for companies to return cash to their shareholders to invest elsewhere in more profitable or expanding enterprises. Arguably this would bring much more positive gains to the capitalist system than the limited changes which are now being considered. That may come at a later stage, certainly, but not in the distortions in the market place will be welcome.

● GUY DE JONQUERES writes: Sir Arnold Weinstock, GEC's chairman, is understood to believe that splitting the group would permit greater management flexibility, reduce the threat of Monopolies Commission investigation which GEC faces at present each time it makes a significant takeover bid.

He is said to believe also that the group's sheer complexity is a deterrent to investors and depresses its share price in relation to its earnings. A number of City analysts agree that the combined market valuation of GEC would probably be higher if it were split into separate components.

This argument applies particularly to Racal, GEC's technologically advanced electronics arm, which has been exceptionally successful in the field of defence contracts. Sir Arnold's current thinking apparently calls for the GEC core company left after a demerger to retain the group's research and development functions.

Income from these activities, its interest in the satellite companies and a share of GEC's £600m of more than £800m could provide the financing for developing new areas of business.

The self-employed have for many years been campaigning for the right to put more aside towards their retirement. Such persons have to make their own provision, since they only qualify for the basic State pension.) The self-employed organisations have continually pointed out that their members are discriminated against compared with the treatment given to controlling directors, who can make more generous pension provision under current tax rules.

The Chancellor has also relaxed the rules for calculating net relevant earnings, so that it will no longer be necessary to deduct personal charges, such as mortgage interest. On the other hand, stock relief will be deducted like capital allowances and losses.

Eric Short

## LIFE ASSURANCE

## Short-term bonds hit

THE CHANCELLOR brought to a swift end the sales by certain companies of short-term income bonds offering extremely high returns over one and two year periods. Such rates, which rose to more than 10 per cent net of basic rate tax on one-year bonds, were possible because the plans consisted of two or more life policies, one of which qualified for life assurance tax relief. The separate policies were combined artificially to obtain maximum use of this relief, so that the actual return came from the tax relief rather than from the underlying investments.

These policies will no longer qualify for tax relief unless the life company can show that, individually, they can stand up commercially on their own. It is obvious that the companies concerned cannot do this, because all have either withdrawn their short-term income bond schemes ahead of the Budget or on receipt of the information. The move has been welcomed by the Life Office Association, which deplored the use of tax relief in a manner not intended by the authorities. Almost all the life companies involved were not members of the L.O.A.

The Chancellor also announced the reduction in the rate of life assurance tax relief from 17½ per cent to 15 per cent with effect from April 6, 1981. This will bring the rate of relief back to half the basic rate tax. Before April last year, relief for life assurance premiums was given automatically at half the basic rate, the policyholder receiving the benefit by having his tax code adjusted. From April 1979, the system was changed so that the policyholder now pays premiums net of tax relief and the insurance company retains the tax from the Revenue.

Eric Short

## PETROL REVENUE TAX

## Another bite at North Sea oil profits

IN THE LIGHT of fast-rising oil prices, the North Sea industry had widely expected that the Chancellor would again raise the rate of Petroleum Revenue Tax. This was always considered to be a more likely course for additional revenue-raising than the imposition of a new windfall profits tax.

In the event the basic rate of PRT is being raised from 60 per cent to 70 per cent. What did come as a surprise to offshore oil operators was the decision to advance the payment of part of the tax by six months.

PRT is assessed for chargeable periods, normally of six months ending on June 30 and December 31 with returns due within two months of these dates. It is now proposed that for the period ending June 30, 1981, companies should pay at the beginning of March—an advance payment for that chargeable period at a rate of 15 per cent based on 1980 liabilities.

The Chancellor said advance payments for later periods

would be made in the same way although not necessarily at the same 15 per cent rate.

The measure will hit oil companies' cash flow but it will give the Exchequer a sooner-than-expected boost from North Sea revenues. Sir Geoffrey Howe believes, however, that increases in North Sea oil prices—from around \$20.70 to about \$33.75 since the last Budget—have strengthened the industry's cash flow.

Not that this is the first time that Sir Geoffrey had adopted his advanced payment tactic. As part of his monetary package in November, he advanced the effective PRT payment date by two months, from May 1 to March 1 and from November 1 to September 1. That measure was estimated to raise an extra £700m in the current financial year and £300m next year.

Yesterday's package of PRT changes is expected to raise an extra £535m in the 1980-81 financial year. It will bring the Government's total tax-take, from PRT, Corporation Tax and

## PETROLEUM REVENUE TAX THE MARGINAL £

Breakdown of every additional £ of net revenue	Present (60% PRT)	Proposed (70% PRT)
Royalty (12.5%)	12.5p	12.5p
PRT	52.5p	61.25p
Corp. tax (52%)	18.2p	13.65p
Left to company	16.8p	12.6p
TOTAL	100.0p	100.0p

Source: British Petroleum

royalties, to over £4bn in the coming 12 months.

Although increased North Sea taxes were expected—especially in the light of rising prices and high profits reported by British Petroleum and Royal Dutch/Shell—they still brought squeals of anguish from the offshore industry.

British Petroleum, which in 1979 set aside £782m for North Sea taxes, estimated that it would have to pay over £100m more than expected, in a full

year. The company pointed out that this was the third adjustment in the offshore tax regime within a year. It considered this to be "excessive." The company would be forced to review development projects under consideration, the spokesman said. Other major companies had similar views.

North Sea analysts at stockbrokers Wood, Mackenzie estimated that the latest changes would increase the overall tax take from all the fields in the UK sector from the present 77.5 per cent of revenues, net of costs, to nearer 79 per cent. A company paying the full rate of PRT, Corporation Tax and royalties would find itself left with 12.6p in every pound of net revenue as against 16.8p at present.

Even so, there was a good deal of tacit relief that the Chancellor had not reduced offsetting allowances within the PRT framework. This action, widely feared, would have hit profits and reduced development incentive even further. It is generally felt that in view

of the high cost of production equipment and the smaller fields that are now being discovered, very few new offshore projects will reach profitability levels sufficient for future governments to claw back the full amount of PRT and Corporation Tax. (Under PRT arrangements companies are able to write off 135 per cent of capital expenditure and other costs—including abortive exploration—before becoming liable for payment.)

The UK Offshore Operators' Association, which represents the North Sea oil industry, said the latest proposed changes would still hit the companies' confidence in offshore operating conditions. "The proposals affected the stability of PRT and were contrary to the promises given by the Wilson government that the tax would not be used as a short-term regulator," Mr. George Williams, director general said. The industry wanted a stable tax regime.

He said the price of oil had risen in real terms by around 46 per cent since 1975. This increase had been more than matched by raised tax levels even before the present Budget. The Government's share of profits had already risen to a maximum level of 83-92 per cent of net revenue.

"The main effect of the Budget will be one of shaken confidence," Mr. Williams said. "Confidence in a stable environment is badly needed if the industry is to increase the rate of exploration which is required."

Ray Dafter

## OPTIONS Brokers pleased

BROKERS ARE enthusiastic about the proposed change in the treatment of Capital Gains Tax on traded options. "We now have the basis for a proper investment market," said Mr. P. R. Stevens, the partner in the stockbroking firm of Laurie Milbank, who has been heading the Stock Exchange Committee submitting evidence for a change in the tax position. If this is approved, CGT will be charged on the same basis as share warrants.

At present, traded options are treated as wasting assets for Capital Gains Tax purposes. The cost of a call option closed before expiry is, for CGT purposes, the purchase premium multiplied by the number of days to the expiry of the call contract, at the sale date, divided by the number of unexpired days when the option was bought. In other words, an investor taking out a call option at 6p could still be liable to CGT even if the price of the contract fell to 2p. The Chancellor's proposal means that traded options will be treated in the same way as any other security.

The wasting asset treatment has been blamed for the often sluggish volumes seen on the traded options pitch since it opened in the London Stock Exchange two years ago. The City has yet to see the fine print of the Budget changes. In particular, it is uncertain whether the CGT exemption granted to pension funds will be extended to any profits they take from trading in options. But, as Mr. Derek Millard, of Grieson Grant said, the change in tax status to a share warrant basis "opens the game up." It is all systems go, and the stockbroking firms which have been battering away in this market for the last two years now stand a chance of making good profits.

Ray Maughan

## LEASING AND BANKS

## Mainstream activities still protected

THE BANK-BASED leasing industry has nothing immediate to worry about from yesterday's Budget. While consideration clearly has been given to the possible ways in which "windfall" bank profits might be taxed through alterations to leasing arrangements, the actual budget measures are restricted to special and fringe leasing activities which have little connection with banks.

On the contrary, the Chancellor had only kind words for mainstream lessors. "Leasing finance of this sort has become an important—and in many cases essential—source of finance for investment in manufacturing industry."

The Budget measures are directed against lessors who finance the purchase of plant and machinery for use by businesses or organisations outside UK industrial and commercial concerns. Under present rules they are able to offer finance of very attractive terms—currently equivalent to borrowing at rates of 8 or 9 per cent—to lessees who would not have qualified

for 100 per cent capital allowances if they had been buying the plant or machinery themselves.

The Inland Revenue emphasised yesterday that 100 per cent capital allowances are intended to encourage the modernisation and expansion of UK industry. "The Government considers that investment incentives should not be made available indirectly through leasing to other lessees, and in respect of assets which would not normally have qualified."

The Chancellor's proposals are thus intended to limit 100 per cent allowances for leased plant and machinery to those cases where the fixed assets would have qualified for the allowance if they had been bought directly by the lessee. Plant and machinery which falls outside this category will now only qualify for writing down allowances at 25 per cent a year, on the reducing balance basis.

The Inland Revenue says that three classes of lessee will be affected:—

● Non-residents: the proposals

apply to all non-UK residents lessors, except where the asset is to be used for the purposes of a UK trade. This appears to cover export leasing, bringing it within the limited rules on "foreign-to-foreign" leasing announced last October. Export leasing by members of the Equipment Leasing Association last year amounted to only £30m. However, lessors have looked on this as a growth area, and there are likely to be claims that the change will put certain UK exports at a competitive disadvantage with those from other countries.

● UK Tax Exempt Bodies: the principal category here is the local authorities who have been leasing anything from dustbins to dust-carts under the very attractive old rules. The Equipment Leasing Association estimates that the size of this market is no more than £300m a year, though other estimates have put it as high as £1bn, representing about a third of total local authority capital spending of £3.2bn in England and Wales in 1979-80.

● There is also a proportionate reduction in the rate of CGT depending on the extent to which stocks are financed on credit. For example, a company with a "di" would find the possibility for deferring that amount of its taxable profit reduced by the ratio of opening creditors less debtors over stocks. The scheme will be a continuing one, but is not expected to have any revenue impact after 1981-82. In 1980-81 the cost is put at £210m, while a further £155m is estimated for the following year.

In practice, because the scheme is designed to deal with temporary stock "dips," it will not be possible for businesses to get relief in two succeeding years.

Michael Lafferty

## STOCK RELIEF

## Relief against the 'dip'

THE CHANCELLOR has come up with a simple but no doubt welcome device for giving temporary relief to businesses which might face extra corporation tax bills solely as a result of temporary "dips" in year end stock values. The move is intended to help those companies put in this position by an industrial dispute or short-term liquidity pressures. "Unless special action was taken tax would in many cases be payable in the following year

when cash would be needed for restocking," the Inland Revenue said. In accounting terms, the effect of a business having lower stocks than it might otherwise have expected is that profits are increased.

The Chancellor's relief starts from this, and provides that businesses may temporarily defer a proportion of the extra profit arising from a drop in stock values between the beginning and end of the year to the following year.

There are two restrictions on the amount of taxable profit (its "di") which can be deferred in this way:—

● The amount of the "dip" in stock value from beginning to end of the year is reduced by 5 per cent in order to concentrate relief in areas where it is most needed.

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## A statement of intent

Sir Geoffrey Howe's second Budget has proved a great deal less exciting than his first; but it is also a great deal more important. A Chancellor who has last year embarked on what will prove, if it is successful, a historic break in economic strategy. It is a full expression of monetary strategy, since the Government has this year given the highest priority to ensuring that its own demand for credit is consistent with the monetary target it has laid down, correcting two years of expensive error. More important, this Budget is part of a declared medium-term strategy.

## A revolution

This is not only a fundamental revolution in the management of our affairs—the end, for the intended future, of traditional demand management—but an act of some daring. Any Chancellor who puts a plan for sharp medium-term cuts in public expenditure at the centre of his strategy risks being accused of wishful thinking.

The future cuts must depend in part on matters beyond the effective control of any Minister—the actions of the local authorities, the trading performance of state industries, movements in the long-term rate of interest, and most difficult of all, perhaps, the enforcement of tight cash limits across the bargaining table. The Government has in fact set itself a very ambitious programme.

However, it is also clear that ransom is available to redeem any hostages to fortune. If the Government's plan is bold on the expenditure side, it is very cautious in its underlying assumptions. Instead of distributing "planned" or "expected" growth which seldom, in the event, materialised, it is based on a projection of a 1 per cent annual rate of growth of GDP after a setback in the current year. Further, no credit is taken for any easing of the burdens of EEC membership.

Above all, however, it is clear that the control of public borrowing is now an over-riding policy commitment. In an unprecedented table, the Budget Red Book sets out what is termed an "implied fiscal adjustment"—that is, the scope for net tax reliefs assuming that spending and growth forecasts are correct. Here again, the Government's determination is evident.

The projections also explain the urgency of the need to cut spending. Despite cuts of more than 4 per cent over the next three years, it will be two years before Sir Geoffrey is in a position to make any net reductions in the tax burden. The need to cut back public sector borrowing so that monetary growth can be reduced steadily at falling interest rates must take priority. Indeed, it is only the projected growth of North Sea revenue which can finance this deferred hope for the future. In effect, the Government has chosen to accommodate part of the excessive growth of personal incomes in the last two years by cutting the social wage. Without North Sea oil, and the massive financial correction which it will make possible, only a drastic cut in real income could now restore the economy to balance.

## Cash flow pressure

Taken as a whole, this seems to us a sane and credible strategy, which should in due course convince the financial markets that so far as Government policy can make it possible, we are now set on the road to recovery. However, the strategy also has a message for both sides in industry which may not be so readily apparent. It is that under a Government prepared to give such total priority to reducing monetary inflation, the threat, implied by uncompetitive costs is not going to go away. On the contrary, it will intensify.

This was apparent not only in the Chancellor's warning that the Government could not manage the exchange rate, but in his decision to take only the most limited steps to relieve the cash flow of the corporate sector, which is under such heavy pressure. He preferred, he said, to take steps which would relieve the pressure on interest rates.

This decision may disappoint some employers, but seems to us a right one. A tax reduction, as much as a relaxation of monetary control, would risk conveying the old message—or the deadly illusion, as the Chancellor called it—that in the last resort a Government will always come to the rescue of those who have run into difficulty through their own folly. A reduction in interest rates, achieved by a tough Budget and cuts in spending is another matter. The cost is apparent; and lower interest rates will do more to help growing and credit-worthy companies—and especially those which have succeeded in controlling their costs—than a hand-out through the tax system.

Enterprise was also the theme of the most interesting part of Sir Geoffrey's tactical budget—his measures for the coming year. The tax reliefs for small businesses are well calculated to increase incentive and to leave the entrepreneur a much freer hand in managing his own business. His measures to encourage direct investment by employees are also welcome, as his hint that he hopes in future to reduce the whole bias of our financial system towards institutional investment.

## The social benefits

Much of the noise provoked by Sir Geoffrey's budget may be generated by his measures affecting social spending. We would strongly endorse his central points. Social security cannot be exempt from general austerity, and once this is granted, the measures are on the whole sensible and humane.

The Government's decision to tax social benefits from 1982 ought to be non-controversial and the cuts in some benefits, including the elimination of earnings-related supplements, are steps along this road; and the cut in what is effectively a Government subsidy to strikers is welcome on its own account. We regret the failure to protect the real value of child benefit, which represents a sacrifice of Conservative principle, and the raising of prescription charges yet again is a somewhat insensitive measure, which hardly seems worth the small saving in cost. Another penny on cigarettes would have been less unpopular and better for health.

The rest of the tax measures are broadly neutral and call for little comment. The lower-rate band will be little mourned except by its begetters in Transport House and the failure to preserve the real values of all bands and allowances is reasonable in an austere year; indeed, it is right that those whose incomes have increased excessively last year should suffer fiscal drag. This confirms the overall impression of a Budget whose sober consistency of purpose seems to have silenced the Opposition in Parliament and deservedly so. If the Government can stick to the strategy outlined, this was an historic occasion.

THE BUDGET may not have been an exciting one for the man-in-the-street, who would be advised to look to other sources for his kicks. But for the economic observer it is a very exciting Budget indeed.

At long last, decisions have been made in a coherent framework. Without pretending to be able to foresee the future, there is a strategy for those elements which Governments can influence.

At long last a Chancellor has admitted—even stressed—that most of the detailed changes are mainly necessary to offset inflation. Indeed, Sir Geoffrey has pioneered a new concept of partial indexation, which clearly recognises inflation but does not pretend that real wages real benefits and real tax thresholds can be guaranteed irrespective of economic conditions.

The Financial Statement—or "Red Book"—which outlines the decisions and strategies at long last is a coherent and logical document. Expenditure decisions are put side-by-side with revenue ones in actual rather than "funny" money.

The most important substantive point about the medium-term framework is that it is based on the average growth actually recorded in 1973-79. This is 1 per cent per annum. Moreover that 1 per cent starts from the expected level of output this year, one of recession with output expected to fall by 2½ per cent. (Indeed, some abstract wording about "the margin of error looking unrealistically low" is a hint that the forecasting machine originally came out with a much larger figure for the drop in output this year.)

Barring some international or domestic catastrophe, the growth in the period up to 1984 is almost certain to be more than the Government's projection. For once the figures in a medium-term document err deliberately on the side of caution instead of assuming improvements before they have occurred.

The result is that there is almost certain to be a "budget margin" in the mid-1980s which could be used either for reducing taxes or introducing public spending—or introducing the Brittan/Riley North Sea Oil Stock. Even the Conservative official projections provide a modest margin of £3½bn for 1983-84 under the label "Fiscal adjustment".

It is too much to hope that, however much people may disagree with individual social decisions—for example on Child Benefit, Unemployment Benefit, or prescription charges—they will at least accept the Financial Statement as a coherent framework into which they can feed their preferred alternatives. The same applies to those who might like a different short-term or long-term path for the financial variables such as the money supply.

The short-term decisions make

GENERAL GOVERNMENT RECEIPTS						
General Government Receipts at 1978-79 prices*						
(£bn)	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Taxes on income, expenditure and capital	48.2	52	52½	52	54	55½
National Insurance, etc	10.2	10	10	10½	10½	10½
Interest and other receipts	6.5	4	5	5	5	5
Total receipts	65.0	66	67½	67½	69½	71

\* Converted to 1978-79 prices by using the deflator for GDP at market prices.

PUBLIC SECTOR BORROWING						
1978-79 Prices (£bn)						
	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Total expenditure	74.0	74½	74½	73	71	70½
Total receipts	65.0	66	67½	67½	69½	71
Implied fiscal adjustment	—	—	—	—	2½	3½
General Government Borrowing Requirement (GGBR)	9.0	8½	7	5½	4	3
PSBR	9.3	8½	7	5½	4	3
(as percentage of GDP at market prices)	5½	4½	3½	3	2½	1½

the Budget a tough one, both on the fiscal and the monetary side. After allowing for inflation, the Budget provides for real discretionary increases in tax revenue of over £1bn and for expenditure cuts of £900m (or £375m including an increased contingency reserve).

The actual PSBR figure is expected to fall from £9bn in the year now ending to £3½bn in 1980-81. More important, this represents a drop from 4½ per cent to 3½ per cent in public borrowing as a proportion of the Gross Domestic Product (GDP). This is a stage in the hoped-for reduction to 1½ per cent by 1983-84.

In a different atmosphere, one might regard the short-term judgement as erring on the tough side. But with actual inflation around 20 per cent and confidence in the anti-inflationary strategy still to be established, this is probably the right direction on which to err. The depressive effect on output will, in my view, be to a large extent offset by lower interest rates and a lower real

exchange rate than we would otherwise have. Moreover, a built-in regulator is provided. For because of the medium-term framework, it will be possible to separate in a rough and ready way an innocuous PSBR overrun which reflects a deeper than expected recession from a worrying one reflecting a failure of spending control.

The most dubious element in the short-term forecasts as published is the expected continuing £2½bn-£3bn deficit on current account. The most likely result of the contraction in real demand will be a rise in exports and fall in imports relative to trend. This improvement on current account would help to sustain output.

But unfortunately unemployment is still likely to rise fairly fast until the monetary targets are fed through into wage settlements. The main source of trouble here is in the Government's own public sector backyard; and the addition to the strategy that I would urge on the economic "dries" would be the abolition of Clegg—which I

thought was going to come at one point in the Budget speech. The amendment on which I would urge the Conservative "wets" to join forces with the Opposition is the future indexation of Child Benefit. This may have less immediate dramatic appeal than pushing for a larger cash increase here and now, but it is the surer longer-term safeguard.

Sir Geoffrey might have got away politically with the increase in Child Benefit he did announce of 11 per cent—which was in line with the average increase in nominal tax thresholds—if he had introduced a Rooker Wise-type formula providing for indexation in normal years subject to a Parliamentary override.

This was one piece of enlightenment which together with a specific and conservative projection of oil revenues—was squeezed out by the "anti-hostages to fortune" school of thought.

The 11 per cent figure should be taken very seriously indeed. It represents the amount by which the Chancellor felt able to increase average tax starting points and thresholds to offset inflation in a difficult year. It is no accident that this is also the upper range of the 7 to 11 per cent monetary target for the 14 months to April 1981. This covers a period in which the "corset" which has been distorting the money supply figures downwards is to be removed. The target, therefore, represents some intensification of the monetary squeeze, compared with the average of the last year, although not with the last few months.

There is an unpublished forecast of the temporary boost to the money supply which is likely while corset distortions—such as the swollen figure of bank acceptances—are unwound. It is only if the unwound

ing exceeds present forecasts that some temporary overrun will be allowed in the monetary figure.

The monetary target seems to me as lenient as it can be and as severe as it dare be. Much more important than month-to-month fluctuations is the assurance that the commitment to a phased reduction of monetary growth to around 6 per cent by 1983-84 is a firm one and takes precedence over the public sector projections should any conflict between the two arise.

Proponents of a medium-term strategy do not need to be told that writing down the figures is only the first stage and that the political difficulties of implementation lie ahead. The most important next step in establishing credibility is for the Government to stop issuing long-term, non-indexed gilts and securities yielding 14 or 15 per cent.

For by doing so the Government accepts a fiscal burden which would be prohibitively costly if it really did expect inflation to fall to 5 or 6 per cent. Before Ministers can convince others, they must convince themselves. Government Securities represent long-term contracts completely different in character from normal wage agreements. Their indexation would represent no more of a "hostage to fortune" than the issue of ordinary nominal securities during a period of stable prices.

But I do not want to end on a sour note. Without the statement of intentions, goals and expectations stretching further ahead than the usual one year crop cycle, we would simply be facing a conventional recession, with nothing to show for it but the normal return to inflation when policy is reversed. At least there is now something for which to aim and to hope.

Samuel Brittan

## New philosophy for a diverse society

THE PROBLEM with Sir Geoffrey Howe's second Budget is that of separating the wood from the trees. The Chancellor spoke for two hours and outlined perhaps a record number of proposals, yet few of them are of any major significance in themselves. The real question is how to fit them together. Do they add up—not so much financially but as into a coherent political programme?

Giving Sir Geoffrey the slight benefit of the doubt, the answer is probably yes, with blemishes. The Conservatives' first Budget last year was aptly described as a Manifesto Budget. It did as much as possible of what was promised in the election manifesto within the time available and against an economic climate that was more hostile than had been expected.

This year, as Sir Geoffrey said, is the year of consolidation and the short-term prospects are even worse: a sharp fall in output, a continuing rise in unemployment and no great reduction in the rate of inflation. Yet the Chancellor has still introduced the Manifesto Budget Mark 2. Anyone looking for a

U-turn will have been disappointed. Perhaps the most controversial proposal of all—that to assume that strikers are partly paid by their unions—is straight from the pages of the manifesto. It was the absence of such action before that led to pressure on Sir Geoffrey from the party's rank and file. It is also a measure after the Chancellor's own heart: it is he who believes that the best way to control the trade unions is to threaten to strike at their funds.

In other ways, however, the Government is beginning to look forward to a new philosophy. Anyone who reads the Budget statement is bound to be struck by the number of references to small businesses and new enterprises. These are ceasing to be merely slogans. A philosophy is being developed which if it does not quite say that "small is beautiful", at least says that small is preferable. If the overall economic policies work, you can begin to see the pattern of a much more diverse society. Size is no longer admired for its own sake. That is another break with the recent past.

With abolition, Sir Geoffrey has been able to limit the increase to some 16.5 per cent, which is the current rate of increase for the rate of inflation in the year to next November. Of the 29m or so social security payments likely to be cashed at any one time during the coming financial year, just under 13m will be increased by this rate. The standard rate of retirement pension for a married couple, for example, will rise by £5.15 to £43.45 per week.

Thus some 8.3m pensioners may complain that the years of growth in their real incomes are over; but at least they will be protected against inflation. The same applies to the 3.2m recipients of supplementary benefit.

So far, so defensible. The third part of Sir Geoffrey's strategy has been to limit the increase in certain other benefits to around 1½ per cent—some five percentage points behind the recipients whose payments have been protected against inflation.

Into this least-favoured category Sir Geoffrey has placed 650,000 recipients of invalidity benefit, some 740,000 current collectors of the dole (at any one time in the coming year) and about 550,000 recipients of sickness or injury benefit. If he had left it at that, then subject to a great deal of explaining yet to be done on the matter of invalidity benefit, the case might be winnable.

Public sympathy for the unemployed is not high; the idea that many are "layabouts" is widespread. Sir Geoffrey might reasonably be asked to distinguish between the possibly voluntary unemployed in areas of high unemployment like the South-East, and those in the North or Scotland who are often waiting out their year on unemployment benefit before moving on to supplementary benefit. But this

would be a Parliamentary argument in the country at large, but it is no longer possible to say that it no longer exists at the highest level of government.

There is another characteristic which has become a hallmark of this Government, and that is the tendency to be more pessimistic about the future than established. This is probably the right direction on which to err. The depressive effect on output will, in my view, be to a large extent offset by lower interest rates and a lower real

exchange rate than we would otherwise have. Moreover, a built-in regulator is provided. For because of the medium-term framework, it will be possible to separate in a rough and ready way an innocuous PSBR overrun which reflects a deeper than expected recession from a worrying one reflecting a failure of spending control.

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The monetary target seems to me as lenient as it can be and as severe as it dare be. Much more important than month-to-month fluctuations is the assurance that the commitment to a phased reduction of monetary growth to around 6 per cent by 1983-84 is a firm one and takes precedence over the public sector projections should any conflict between the two arise.

Proponents of a medium-term strategy do not need to be told that writing down the figures is only the first stage and that the political difficulties of implementation lie ahead. The most important next step in establishing credibility is for the Government to stop issuing long-term, non-indexed gilts and securities yielding 14 or 15 per cent.

For by doing so the Government accepts a fiscal burden which would be prohibitively costly if it really did expect inflation to fall to 5 or 6 per cent. Before Ministers can convince others, they must convince themselves. Government Securities represent long-term contracts completely different in character from normal wage agreements. Their indexation would represent no more of a "hostage to fortune" than the issue of ordinary nominal securities during a period of stable prices.

But I do not want to end on a sour note. Without the statement of intentions, goals and expectations stretching further ahead than the usual one year crop cycle, we would simply be facing a conventional recession, with nothing to show for it but the normal return to inflation when policy is reversed. At least there is now something for which to aim and to hope.

Samuel Brittan

Q. Where is the nearest Assisted Area to London and the South East?

A. Corby, Northants.

Britain's newest Assisted Area.

Due to the closure of the Corby steel-making plant, a large force of skilled and unskilled labour will be immediately available.

If your company is considering relocating or developing in the south of Britain, you must consider CORBY which can now offer a package equal to anywhere else in the country.

\* Good and improving communications to all parts of the U.K.  
 \* Incentives relevant to a Development Area.  
 \* Assistance from British Steel (Industry) Limited.  
 \* Advance factories and land.  
 \* The expert services of a Development Corporation can provide.

The Development Corporation has set up an office to advise on and co-ordinate the various grants and benefits available.

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 K.R.C. Jenkin, B.A., F.R.I.C.S.  
**Corby Development Corporation**  
 Chisholm House, 9 Queen's Square, Corby, Northants, NN17 2PA  
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## THE BUDGET

## SMALL BUSINESSES AND ENTERPRISE ZONES

## Wide range of innovations

IN THE last few minutes of his long Budget speech yesterday, the Chancellor of the Exchequer produced a package of measures aimed at boosting industrial enterprise in general, and encouraging small businessmen in particular, which far outstrips anything introduced since the current political interest in small firms started nearly three years ago.

Mr. Harold (now Lord) Lever tried manfully to persuade a less than enthusiastic Labour Government to introduce such measures when he was given special responsibility for the subject late in 1977, but he never came within sight of the range and scale of yesterday's innovations.

But despite the range of the measures, which the Confederation of British Industry said last night was "imaginative," some small businessmen's lobby groups will not be satisfied. They will continue to complain that, while the measures may help some businesses at specific stages of their development—for example when they are first being set up or are being transferred to new owners—the vast mass of companies will still be hit by the high levels of interest rates and the lack of specific interventionist policies such as Government-subsidised loan funds.

In all, Sir Geoffrey Howe unveiled more than 15 ideas, finishing with his own personal brainchild—the creation of

"enterprise zones" in areas of special industrial decay where it is hoped to attract businesses of all sorts and sizes, with various inducements which include waiving certain Government controls.

Presented separately by the Chancellor as an "enterprise package" and a "small business package," the measures bring together several priorities. More small businesses are needed to create jobs and replace dying industries. They are also needed to reinvigorate declining inner cities. Small businesses and small factory units are also usually easier to manage, particularly in terms of labour relations, than large businesses.

Sir Geoffrey's proposals therefore go some way to meet various economic, political and industrial requirements. Because of this, they have been produced by a variety of Government Departments. Sir Keith Joseph, Industry Secretary, is expected to speak today about the importance of what is being done, but much of the initiative for yesterday's proposals came from elsewhere in Whitehall—particularly from the Department of the Environment which seems recently to have been producing more concrete measures to help industry than Sir Keith's own Ministry.

While the Government first came to power last year, civil servants in various Departments were asked to dust down all the

schemes and proposals they had considered in recent years to encourage entrepreneurs, and especially to boost the number of small firms. Interventionist policies such as using the Industry Act or other measures to subsidise bank lending or the provision of venture capital were either shelved or rejected, along with many of the taxation, planning, property and other ideas that are now appearing.

As a result, yesterday's measures, which were described by Sir Geoffrey as "increasing the wealth-creating viability of our economy," fall into four categories.

First there are changes in capital taxation which were started last year. These are aimed at increasing the rewards for those starting new ventures, and at reducing the risks involved. The capital transfer tax threshold is being increased for example, and there are other CTT changes which apply generally and not just to small businesses.

Then there are measures, costing some £10m in a full year, which are aimed at easing the tax or administrative burdens of small businesses. These include a new venture capital scheme to allow losses on equity investment in unquoted trading companies to be set off against income, relief for interest on money borrowed for a close company, and cuts in corporation tax.

There are also provisions for unincorporated small businesses, plus proposed concessions for the cost of raising business loan finance, and relief for pre-trading expenses. VAT administration is also being eased.

Linked with these measures are two property innovations. First a small workshops scheme is being introduced. For a period of three years, capital expenditure on the construction of industrial buildings providing working space of less than 2,500 square feet will qualify for a 100 per cent initial allowance, instead of the usual arrangement of 50 per cent followed by annual writing down allowances of 4 per cent.

Sir Keith Joseph is also extending provisions he has been making recently for partnership with the private sector on industrial property. He is providing £5m for the construction of 1,000 new nursery units in assisted areas in co-operation with the private sector.

Both these measures reflect a growing awareness in Whitehall for more small factory units if new businesses are to be created. A survey just completed by Coopers and Lybrand for the Industry Department shows that there is a serious shortage of factory units of under 2,500 square feet.

The third category in yesterday's package included just one

proposal which follows the "small is beautiful" craze. Sir Geoffrey said that in order to tackle "industrial elephantism," he will introduce measures during the passage of the Finance Bill to change tax rules and make it easier for large groups to be broken up into smaller units.

The final category is Sir Geoffrey's own pet scheme of enterprise zones which, appropriately enough, he first floated in a speech on the Isle of Dogs nearly two years ago. The idea has met with considerable scepticism and cynicism in Whitehall, but Sir Geoffrey has pushed it through to the stage where he announced the launching of an experiment yesterday.

The idea is to see whether entrepreneurs really are motivated by having to abide by social and other requirements. About six zones—each averaging 500 acres—will be set up in areas of "urban dereliction" chosen. Treasury said yesterday for their degree of "physical and economic decay." Whether the zones will be in the middle of such run down areas or will provide new industrial sites just outside them is however still a serious bone of contention in Whitehall where the cross currents of reinvigorating inner cities and encouraging the entrepreneur have yet to be rationalised.

John Elliott

## SMALL COMPANIES TAXATION

## A boost to share ownership

SMALL COMPANIES pay corporation tax at a specially reduced rate. The rate has been 42 per cent instead of the full 52 per cent for several years and Sir Geoffrey made large increases in the level of profits on which the reduced rate applies in his budget last year. For the financial year beginning on April 1, 1978, the reduced rate is cut to 40 per cent and the limits are increased. Profits up to £70,000 are taxed at 40 per cent and a marginal relief applies up to £130,000. The figures were previously £50,000 and £100,000 respectively.

Above £130,000 tax is charged at the normal rate of 52 per cent (unchanged) but profits between these two bands are taxed at the rather high effective rate of 66 per cent. The cumulative effect of the reduced rate and the marginal rate is to move from 40 per cent at £70,000 to an average rate of 52 per cent at £130,000 although companies are well advised to avoid having taxable profits in this band if at all possible.

The 1978 reliefs for "profit sharing" are to be improved and updated. An employee will in future be able to have allotted to him shares in his employing company to the value of £1,000 per year, in place of £500, without these being taxable as a benefit. He will receive dividends from those shares, and can vote in just the same way as any other shareholder.

But he is absolutely prevented from selling the shares for two years after he is given them, and during the five years after that there are tax penalties attaching to their sale—tapering during that period from a charge on the whole of the value allotted to one of 25 per cent of that value. These new limits represent a doubling of the value which can be given to each employee, and a lifting of three years from the mandatory holding period. Sir Geoffrey made it clear that he wishes strongly to encourage share ownership arrangements.

Granting options to acquire shares in the company to directors and employees again becomes a possibility. The

details are not yet available, but it is clear that at their heart lies the abolition of the tax charge on the "growth in value." It was this that killed the schemes which were available prior to 1974—the employee has since then been taxable not only when granted the option on any difference between its then value and what he paid for it, but he was also treated when he took up his shares as having received taxable earnings equal to the difference between the shares value at that time and his payment for them.

The Finance Bill is to include provisions giving relief from income tax for losses on the disposal of shares in unquoted trading companies. Relief is to be given for disposals after April 5, 1980, irrespective of when the shares were acquired but relief will only be available where the investor took up the shares at the time of issue.

Losses arising where the shares are sold at arm's length or in a liquidation may be set against income for the year in

which the loss arose, or the following year. Unused losses will be available for relief against capital gains. Sir Geoffrey hopes by this means to make venture capital more freely available to new busi-

nesses. In order to prevent the avoidance of income tax it has long been required that closely held companies should be required to distribute a part of their income above certain limits unless required for the purposes of the company's business. The limits were raised substantially in Sir Geoffrey's first Budget but the new proposals are starting.

The apportionment of excess trading income is to be abolished altogether; investment income in excess of £1,000 was previously liable to apportionment and this limit is now raised to £3,000. In addition, interest paid to directors of closely held companies has always been subject to restriction for the purpose of corporation tax deductions. The restriction was previously to 12 per cent of the

amount of the loan or of the nominal share capital is less; these restrictions are to be abolished.

The limits on allowable retirement annuity premiums for the self-employed and those in non-pensionable employment have been greatly eased. The existing limit of 15 per cent of earnings is increased to 17½ per cent and the overriding limit of £3,000 per year is abolished. Changes are to be made in the calculation of "net relevant earnings" and there is to be an ability to carry forward surplus payments for the relief in future years.

David Wainman

## MEN AND MATTERS

## Putting the ball in the fans' court

Reluctant as I am to discuss anything which may increase the stress on the patience of rate-paying users of London Transport, I feel obliged to pass on certain curious details I have garnered about its latest attempts to attract workers. It has some staff problems—as anyone who has stood dissolving in the rain at a bus stop or steamed gently in the Tube can confirm.

To help right matters, LT (£16m in the red last year, despite ratepayers' subsidies of more than £100m) has paid out an undisclosed sum for the privilege of sponsoring a football match between north London rivals Tottenham Hotspur and Arsenal on Easter Monday.

Now curious, I thought, that London Transport should be prepared to spend its scarce resources so freely on the very sport whose hooligan fringe makes Saturday afternoon travel such a risky adventure for shoppers and transport crews. Curiouser still, that a costly recruitment drive should be centred on the north of London. While in general all garages and Tube depots need men, staff shortages are most severe to the west of London. I can understand, however, how Brentford and Wimbledon may lack the crowd-pulling power of Arsenal and Spurs.

The object of the exercise is to try to attract staff from the captive audience around the pitch. For its money (average sponsorship fee is between £3,000 and £4,000) LT will be allowed to plaster the hoardings around the ground with recruitment posters and heckle the crowd with job publicity at half-time over the public address system.

It will also be granted an allocation of 40 of the best seats in the White Hart Lane ground of which most will go to a brave band of men who have recently signed on, with only five, I am assured, reserved for LT officials in need of relaxation.

John Elliott

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guson. 44. "But these days it falls off sharply after the Budget speech begins at 3.30. So often on these occasions the first reaction is a wrong one. People have now learned by experience that this is so."

Nowadays, says Ferguson, investors sleep on the Budget before making a decision, pondering the complexities of the Public Sector Borrowing Requirement which would have seemed a little abstruse in bygone times. One reason for this is no doubt the near-extinction of the small investor, and his displacement by the professional institutional investment manager.

Budget day is, if anything, less enervating for Ferguson's brother Graham, 46, a senior equities partner further up the "Five Sisters" league of jobbers at Wedd, Duracher, Mordant. "Like the Windmill, he never sleeps," he told me shortly before countdown. "But we rather go into hibernation on Budget Day. We don't like to deal large—say 5,000 shares for a small company, 250,000 shares for ICL. I won't be legging it anywhere—I shan't get my great fat bottom out of the chair all day."

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"It's OK—his bark is worse than his bite"

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## Trouble and strife

Hard times for international fixer Adnan Khashoggi. Apart from the annoying activities of his ex-wife (who is suing him for \$2.4m) Khashoggi also faces the possibility of becoming persona non grata in Saudi Arabia. One very public indication of this is that the semi-official newspaper Al-Riyadh has, for the second time in recent weeks, accused him of "national ingratitude," and specifically of failing to invest any of his fabulous wealth at home.

"Is not the gossip about your personal life," adds Al-Riyadh, "damaging to the reputation of the country of which you have the honour to carry the passport?"

The Saudi royal family is known to have been much embarrassed by the publicity surrounding Khashoggi's lawsuit. King Khalid has been taking a particularly stiff line on Islamic purity since last November's attack by Moslem fanatics on the Grand Mosque at Mecca.

John Elliott

David Wainman

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## Appleyard incurs loss in second half: cuts final

SUPPORT FOR BL Cars was a major factor behind the Appleyard Group of Companies running into losses of £338,000 in the second half of 1979, leaving full-year pre-tax profit 66 per cent lower. The current year started badly for BL, and therefore, for the group, the directors say, but the market share is improving.

However, they warn that they do not expect a return to previous levels of profitability in 1980.

Pre-tax profits tumbled from £1.55m to £282,000 in 1979, following the £1.01m turnaround in the second six months, and the final dividend is being halved. Interest jumped from £283,000 to £1.58m, which includes display charges.

The cars division incurred losses of £148,000, against profits of £1.3m. However, the contribution from commercial vehicles improved from £256,000 to £305,000. Fuel oil profits rose from £123,000 to £229,000, but the finance side slipped to £176,000 (£263,000).

Mid-term group profits were down from £1.27m to £996,000, and the directors said then that the second-half outlook was not encouraging. However, they expected to maintain the final dividend.

In the event, the final is halved to 3p, giving a total of 4.25p, against 6.25p. The directors explain that the compound effect of high interest rates, an economy in recession and the potential costs of rationalisation actions calls for prudence in the retention of reserves.

The group traded at maximum volumes at very thin margins throughout the year in support of BL Cars but it was unable to achieve a volume of business sufficient to use facilities profitably. As a result, heavy losses were incurred, particularly in Scotland. On the other hand, the Ford businesses exceeded forecasts.

The directors continue to take vigorous action to reduce the level of losses. The closure of the group's biggest depot in Glasgow, announced last December, entailed heavy redundancy costs charged in the accounts. But the premises are valuable and negotiations for their disposal are in progress, they add.

By the end of this month, the group's two BL depots at Wilsford and Hamilton, Lanarkshire, will have been closed. One of these premises has already been sold for £110,000.

The group is also close to an agreement to sell its business and premises in Eddersfield to the other distributor in the town in line with BL's franchising policy.

Group turnover amounted to £128.52m, compared with £128.25m. After a reduced tax

charge of £153,000 (£528,000), earnings per 25p share are given as 5.99p (£17.45p).

There were extraordinary debits of £206,000 (£196,000 profits). ● comment

Appleyard's profits were already on the slide at the halfway mark and the distributor has clearly paid the price of supporting a manufacturer (BL represents at least 80 per cent of car turnover) whose market share deteriorated even further last autumn and winter. It comes as little surprise that the group suffered a second half deficit and there is every chance that January and February were also loss making.

BL's bonus scheme has probably lifted its share of the market to well over a fifth this current month but Appleyard is not promising any early recovery and it will clearly take some time to trim its distribution capacity to match the manufacturer's own marketing capability. Other franchisees and the fuel oil operation provide something of a cushion while this difficult process continues and the balance sheet is apparently not under too much pressure, yet much depends on the success of the Marina facility this summer and the Metro launch in October.

But the decision to cut the dividend was undoubtedly justified and the yield of 11 per cent at 58p, down 4p yesterday, barely underwrites the continued risks.

A trend towards lower priced products has to some extent offset increased volume and resulted in slightly lower net margins, adds Mrs. Tyrrell, but there are signs of some recovery at retail level which give hope that the result for the year will produce a further advance. Total taxable profits last year were £3.2m.

The six months' surplus is strong after interest of £143,000 (£157,000) but before tax of £284,000 (£250,000). There is an extraordinary debit of £9,000 (£28,000 credit), leaving attributable profits slightly lower at £1.03m (£1.16m).

The interim dividend is doubled to 3p net to reduce disparity and absorbs £239,340—last year's final was 3p.

Stated earnings per 25p share are 13.8p (12.4p) before tax and 8.6p (9.5p) after. ● comment

Although the growth rate has slowed considerably, Sirdar's first half results are pleasing given the difficult trading conditions in the textile sector. However, this does not detract from the uncertainties that lie ahead. Although customers' sales are now a little more lively than before Christmas, they are still below the levels of past years and the economic climate is not expected to improve—at least in the short term. While Sirdar does not expect this to make too much of an impact on sales volume, there is the likelihood that the public will trade down, and this means tighter margins. Against this the balance sheet is

strong so the company should be able to weather any short-term setbacks. On past 12 months earnings the fully-taxed rate is around 20p—a rating with a small premium over other textile companies while the prospective yield is unlikely to come anywhere near the 12.5 per cent sector average.

High stocks at the retail level also reduced demand from spinners, and against this background the increase in turnover over the 26 weeks to £12.02m—and improvement in market share is a significant achievement, says Mrs. Jean Tyrrell, chairman.

However, the hand knitting sector has fared better than textiles generally, and demand for chenille yarns continues to exceed supply. Additional machines have been installed for this quality yarn.

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Although the growth rate has slowed considerably, Sirdar's first half results are pleasing given the difficult trading conditions in the textile sector. However, this does not detract from the uncertainties that lie ahead. Although customers' sales are now a little more lively than before Christmas, they are still below the levels of past years and the economic climate is not expected to improve—at least in the short term. While Sirdar does not expect this to make too much of an impact on sales volume, there is the likelihood that the public will trade down, and this means tighter margins. Against this the balance sheet is

strong so the company should be able to weather any short-term setbacks. On past 12 months earnings the fully-taxed rate is around 20p—a rating with a small premium over other textile companies while the prospective yield is unlikely to come anywhere near the 12.5 per cent sector average.

High stocks at the retail level also reduced demand from spinners, and against this background the increase in turnover over the 26 weeks to £12.02m—and improvement in market share is a significant achievement, says Mrs. Jean Tyrrell, chairman.

## HIGHLIGHTS

Lex devotes its column to the implications of the Chancellor's Budget on the corporate sector and the likely impact on financial markets. For a Budget day there was a considerable amount of company news and three insurance companies, The Pru, Eagle Star and Legal and General, are considered on the inside pages. Slough Estates, the country's largest industrial property developer, produced its full year figures showing a rise in pre-tax profits of £1.94m to £10.07m. Rotor's annual results show a small decline at the pre-tax level but in the context of the company's policy of going for market share rather than profit margins the figure is not too disappointing. Appleyard's profits took a nose-dive due to losses on the BL franchise and it sets the scene for the winter results from other BL distributors. Sirdar has produced some reasonable results and Rotor's profits were well received in the market.

## Sirdar rises 12% in first six months

DESPITE the effects of a mild autumn and winter on the sales of hand knitting yarns, pre-tax profits of Sirdar rose 12 per cent to £1.67m in the 26 weeks to January 11, 1980 compared with £1.48m.

High stocks at the retail level also reduced demand from spinners, and against this background the increase in turnover over the 26 weeks to £12.02m—and improvement in market share is a significant achievement, says Mrs. Jean Tyrrell, chairman.

However, the hand knitting sector has fared better than textiles generally, and demand for chenille yarns continues to exceed supply. Additional machines have been installed for this quality yarn.

A trend towards lower priced products has to some extent offset increased volume and resulted in slightly lower net margins, adds Mrs. Tyrrell, but there are signs of some recovery at retail level which give hope that the result for the year will produce a further advance. Total taxable profits last year were £3.2m.

The six months' surplus is strong after interest of £143,000 (£157,000) but before tax of £284,000 (£250,000). There is an extraordinary debit of £9,000 (£28,000 credit), leaving attributable profits slightly lower at £1.03m (£1.16m).

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## Slough Estates over £10m as UK rentals soar 20%

BY ANDREW TAYLOR

A SHARP rise in UK commercial property rents in 1979 helped push up pre-tax profits of Slough Estates, the country's largest industrial developer, by almost 22 per cent to £10.07m last year. After a reduced tax charge profits rose by a third from £5.78m to £7.71m in 1979. Earnings per share rose from 4.14p to 5.57p and fully diluted to take account of last May's rights issue to 5.33p.

However, Mr. Nigel Mobbs, the chairman, warns that trading conditions are likely to be much tougher in the current year: "Business conditions in general will be particularly difficult with high interest rates likely to persist. Despite these adversities, I expect, subject to no unforeseen circumstances, to be reporting some increase in profits for 1980."

On the back of last year's profits increase the company announces a 38.4 per cent increase in the final dividend to 1.4p net. This compares with a 30 per cent increase forecast at the time of the group's £25m rights issue. Total dividend payments for the year ending December 31, 1979, work out at 2.3p net or 3.2857p gross.

The bulk of Slough's profits increase is accounted for by a 30 per cent rise in UK rental income to £15.34m. Overseas rental income rose by almost 12 per cent to £5.44m.

In the current year UK rents are expected to continue to rise, but at a slower pace than the rate of inflation.

The mid-year pre-tax surplus was well ahead at £815,000 (£481,000) and the directors expected full-year results to show an encouraging increase. They now say that the 1978 results include County Dairies for the second half only. If adjusted to include them for the full year, pre-tax profits would have been 38 per cent higher.

A net final dividend of 2.3p lifts the total to 3p—last time there was a single payment of 2.125p. After tax of £547,583 (£505,888) earnings per 25p share are shown ahead from 11.7p to 17.88p.

There was an extraordinary credit of £140,823 (£41,596 debit). The pre-tax surplus was struck after an upward revision of £247,568, but includes associates' profits of £217,366 (£128,605).

On a COA basis, taxable profits were reduced to £1.51m (£1.16m), earnings per share to 13.01p (7.55p).

Drake & Scull in strong position

Trading to date in the current year at Drake and Scull Holdings had continued most satisfactorily and the group's very strong cash position had further improved since the year-end. As a result it has over £2m currently on deposit in UK banks, said Mr. M. C. Abbott, the chairman, at the annual meeting.

Since the year-end, the electrical, mechanical and construction engineering group has obtained orders totalling some £50m and total order book was now in excess of £170m, compared with £153m referred to in annual accounts.

Pre-tax profits for the year ended October 31, 1979 were ahead at £2.63m (£2.53m) on turnover up sharply from £39.5m to £55.84m.

PINNOCK FINANCE PAYMENT

The liquidator of Pinnock Finance Company (Great Britain) has told depositors and shareholders that a third and final distribution of 3.25p in the pound is to be made.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim—Sidney C. Banks, Arthur Bell, Bluebird Confectionery, Howden Group, Lucas Industries, Samuel Properties, Walker and Homer.

Finals—A.P.V., Associated Book Publishers, Bestobell, British Mohair Spinners, Carpets International, Charrhouse Group, Coates Brothers, Friedland Daggart, House of Fraser, Alexander, Howden, Inch Kenneth, Kelang Rubber, Killineyhill (Malaysia), Percy Lane, Leyland Paint and Wallpaper, Manders, Mccorcorate, Municipal Properties, Olives, Austin Reed, Western Motor, Wolf Electric Tools, Yorkshire Chemicals.

FUTURE DATES

Interim—Portland Holdings ..... April 2

Finals—Avonshire Metal Products ..... Apr. 30  
Berkley Hambro Property ..... April 2  
Carron Central ..... April 2  
Combined English Stores ..... Mar. 31  
Dagoutier Brothers ..... April 1  
Erich ..... April 8  
First Castle Securities ..... Mar. 31  
London and Holyrood Trust ..... April 17  
Real Executive and Provincial Trust ..... April 17  
Royal Worcester ..... April 2  
Sharma Ware ..... Mar. 28  
Sparrow (G. W.) ..... April 11  
Watts Blake Besme ..... April 1

SPAIN

Price % + or -  
March 26  
Banco Bilbao ..... 222  
Banco Central ..... 244  
Banco Exterior ..... 208  
Banco Hispano ..... 217  
Banco Ind. Cat. ..... 130  
Banco Madrid ..... 164  
Banco Santander ..... 280  
Banco Urquijo ..... 184  
Banco Vizcaya ..... 228  
Banco Zaragoza ..... 100  
Dresdener ..... 100  
Espana Zine ..... 82  
Fajes ..... 57.2  
Gal. Precindos ..... 30  
Hidroile ..... 64.5  
Iberdruero ..... 55.5  
Petrolfin ..... 100.2  
Petrolior ..... 58  
Sogefisa ..... 107  
Telefonos ..... 54  
Union Elect. ..... 63

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. Total for year	Total last year
AB Electronics	int.	June 3	2.5	7
Appleyard	3	June 3	4.95	6.25
R. Cartwright	2.9	May 6	2.56	4.63
City & Ind. Int.	int.	April 18	2	5.2
Clifford's Dairies	2.31	May 23	2.13	3
Eagle Star Insurance	4.85	July 15	3.49	9
HNE	int.	May 15	1.5	8.5
Legal & General	5	May 22	3.5	7.6
Lyon & Lyon	4.5	May 22	3.5	9.5
Prudential Corp.	6	May 23	0.66	2
Rotor	1	May 19	1	4
Slough Estates	int.	May 27	1.03	2.3
Standard Ind. Grp.	0.9	April 17	1.91	1.91
George Wills	3	—	2.43	4.5

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. \* On capital increased by rights and/or acquisition issues. † To reduce disparity. ‡ Plus 0.95p on account of extra 6 months following changed year end. § Plus special non-recurring payment of 0.40p equivalent to special dividends received from Shell.

He warns that the utility services division, which supplies electricity, water and steam to the Slough industrial estate itself—three accounts for around three-quarters of the group's UK property portfolio—is expected to make a further loss in 1980.

Last year losses were caused by a sharp rise in the cost of fuel which because of restrictions the company was unable to pass on to customers.

The rise in pre-tax profits was arrived at after higher finance charges of £8.8m reflecting increased interest charges, largely in the UK but also overseas.

Earlier this year Slough announced a major revaluation of its worldwide property portfolio which it now says is worth £382m, which after taking account of exchange movements and disposals created a surplus of £142.5m over book value.

and future prospects are such that further expansion is planned there. To fund this development, and in line with the country's policies, a public issue will be made of a 25 per cent minority interest in the enlarged capital.

For the year to January 31, known taxable profit advanced to £57.25m (£53.1m) on sales, excluding VAT, of £888m (£823m).

On a current costs basis along the Hyde guidelines, profit was down from £37.01m to £26.02m after £30.31m (£11.55m) extra costs of sales and £8.16m (£7.66m) additional depreciation less a 6.06m (£3.61m) gearing adjustment.

It is also anticipated that a further two restaurants will be opened by the company together with the launch of a new fast food operation under the name of Burgermaster.

The Trinidad company produced excellent results last year

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# Group results for 1979

## INSURANCE RESULTS

## Underwriting losses take their toll

TAXABLE profits of Eagle Star Holdings for 1979 improved by 26 per cent to £64.3m, while held back by increased underwriting losses on general business, net profits of Prudential Corporation advanced by 10 per cent to £45.6m and, due to a £4.2m reduction in tax, Legal and General Group gained £1m at £16.8m.

Second half comparisons show that Eagle Star and L. and G. registered rises from £32m to £40.8m and £7m to £9.2m respectively, whereas the contribution at Prudential declined from £26.4m to £25.3m.

For the year Eagle Star's cash flow in the UK increased satisfactorily. New money was invested mainly in gilts and mortgages with some addition to the equity portfolio. In the latter part of the year short term deposits were built up to provide funds to finance the acquisition of Bernard Sunley Investment Trust. These larger deposits, with high short term interest rates contributed usefully to investment income, which expanded from £48.5m to £59.7m.

The underwriting loss was £18.8m (£17.5m). This included

a deficit of £15.3m from UK fire and general, where premium income totalled £308.6m; out of total group income of £572.5m (£516.1m).

Within group profits is a contribution from the subsidiary, Grovewood Securities, the pre-tax surplus of which improved by 18 per cent to £13.2m.

Tax took £25.5m (£21.5m) and minority profits £3.1m (£2.6m). At a cost of £12.1m (£9.2m) the dividend is stepped up from 6.8400p to 9p, with a final of 4.85p net.

At Prudential a strong performance in life business saw profits rise by some 40 per cent to £24.2m. Other income advanced from £7.8m to £9.8m but growth in group profits was restrained by a significant fall in the general branch side, where the contribution declined from £16.2m to £11.6m after underwriting losses up from £4.2m to £15.2m.

A breakdown of general insurance premium income (up from £494.4m to £418.7m) and underwriting results shows: UK £137.9m (£111.9m) and loss £7.5m (£4.3m); Canada £44.3m

(£42.5m) and £1.7m (£3.4m) profit; EEC £44.1m (£45.1m) and £1.7m (£1.6m) loss; other countries £28.5m (£32.5m) and £2.6m (£1.1m) loss; marine and aviation £7.7m (£8.5m) and £0.7m (£0.9m) loss; specialist re-insurance (Marine and General) £153.9m (same) and £4.1m loss (£0.3m profit).

On the basis of steps taken or in train, better underwriting results in the current year are looked for in the major classes of UK business.

Yearly earnings per 25p share put on 1.5p at 15.3p and the total dividend is raised from 8p to 9p with a final payment of 6p net. Dividends cost £38.3m compared with £24.1p.

Pre-tax profits of L. and G. fell

from £20.8m to £17.5m, but lower tax of £1.5m (£5.7m) and minority profits of £0.1m (£0.2m) resulted in the advance at the net level.

Underwriting losses climbed from £6m to £20.9m, with £9.1m (£9.2m) being incurred in the UK, £4.2m (£2.1m) in Australia, £3.8m (£2.1m) in the rest of the world and £3.8m (£1.6m) at the international reinsurance subsidiary, Victory Insurance.

Premium income from pension and life business increased from £477.6m to £482m and general insurance from £131m to £136.2m. Earnings per 25p share edged ahead from 10.27p to 10.85p and the final dividend is 9p net for a 7.6p (6.51p) total, costing £11.3m (£9.6m).

## Eagle Star shines

Higher losses on general underwriting dented improved profits from insurance companies Legal and General, Eagle Star, and Prudential Corporation. Re-insurance was also squeezed. But it was another record year for the life insurance industry.

The brightest figures undoubtedly came from Eagle Star, which reported a 23 per cent rise in investment income. The concentration of the group's activities in the UK limited its exposure to the strength of sterling and the funds allocated to the Bernard Sunley acquisition contributed strongly during the second half. Given the caution expressed at the interim stage, the 28 per cent rise in second half profits at Grovewood was surprising and more than compensated for the increase in underwriting losses. Average rates in the motor business were increased by around 10 per cent at the beginning of this month but this sector is likely to remain a problem in the current year.

Life business profits moved ahead 40 per cent at Prudential, with Vanbrugh turned round from 1978's £2.4m loss, which derived from over-statement of unit values. The remaining two-thirds of the £7m rise came from ordinary and industrial business showing a similar increase. In common with other companies, industrial branch growth was boosted by a change in the method of crediting tax relief. Mercantile and General, the re-insurance subsidiary, had a weaker year. The position is

## BIDS AND DEALS

## £2.5m acquisition by Trafalgar House

Trafalgar House, the property construction, newspaper and shipping group, has bought Focus 21 Developments, the residential development concern, in a deal worth £2.5m.

Part of the consideration has been satisfied by the issue of £233,040 nominal of Trafalgar's listed 10 1/2 per cent unsecured loan stock 2001-06 with the balance being a new unlisted short-term unsecured loan stock.

Focus is engaged in residential development in the home counties and has a land bank of some 800 units. Existing sites will be completed and sold under the Focus 21 name, but all future developments will be marketed and built by New Ideal Homes, Trafalgar's main house-building subsidiary.

Among the major future developments will be a scheme for 400 houses at Guildford, Surrey, as well as large sites at Hampton, London, and Datchet, Berkshire.

Focus has been operating since 1970 and has built 1,400 houses, all in London and the home counties.

B.O.C. SUBSIDIARY FOR CONTROL LASER

Control Laser has agreed to buy Industrial Power Beams, from BOC for about £400,000. Control Laser is owned by a

group of UK investors including Thompson Clive and Partners and Control Laser Corporation of Florida.

Industrial Power Beams designs and makes gas and solid state laser systems.

GODFREY DAVIS TALKS CONTINUE

Directors of Godfrey Davis announce that discussions with Compagnie Internationale Europcar S.A. concerning the disposal of the Godfrey Davis group's short-term and chauffeur-driven car hire interests are still in progress.

A further announcement will be made later this week at which time the suspension will be lifted.

SHARE STAKES

Joseph Webb and Co.—H. C. Webb, director, on March 19, sold 25,000 shares at 20p to Security Centres Holdings—Jamieson Management Services, a company owned by Mr. I. S. Jamieson, a director of Security Centres, has acquired 30,000 shares making holding 1,019,350 (32.578 per cent).

H. P. Bulmer Holdings—C. J. P. Watney, director, on March 14 to up option on 25,000 shares at 92p and on March 17 sold these at 142p.

## Crouch sheds its Irish loss-maker to Castlemeen

CROUCH GROUP, the builder, contractor and estate developer, has reached agreement for the sale of the capital of its wholly-owned housebuilding subsidiary in Dublin, Crouch (Ireland), to Castlemeen Investments for £100,000 in cash payable tomorrow.

Castlemeen has undertaken to procure the repayment of the loan of £242,000 from Crouch Group to Crouch (Ireland) together with further £40,500 in lieu of interest.

The net proceeds of the sale will be used to reduce the bank borrowings of Crouch Group and these borrowings will be further reduced by the payment of the accrued interest of £40,500 on May 28, and by the repayment by instalments of £20,000 per month commencing July 1, of the £242,000 loan.

The outstanding balance will be secured and carry interest at 16 1/2 per cent per annum.

Crouch Group said yesterday that it had been dissatisfied with the performance of Crouch (Ireland) for some time. Its profit record had been poor, and it had been trading at a loss in the current year.

Moreover, its borrowings had increased to a level which would have required additional capital to be injected by the parent company to enable trading to continue.

The net assets of Crouch (Ireland) at March 31, 1979 amounted to £336,000. Unaudited accounts at September 30, 1979 show that the company had incurred losses in the six months to that date of around £25,000 and, in the opinion of the directors, these losses are continuing to increase.

MORGAN EDWARDS

Following its share offer for Morgan Edwards, Louis C. Edwards and Sons has received acceptances in respect of 3,197,907 shares, representing 98.7 per cent. This includes acceptances in respect of 402,621 shares for the cash offer made by Samuel Montagu and Co. which have been assented to the share offer.

The cash offer closed on March 25, 1980. The share offer remains open until further notice.

## MINING NEWS

## Beisa plans public share offer

BY KENNETH MARSTON, MINING EDITOR

THE Union Corporation group's new Beisa uranium mine in South Africa which is expected to reach production a year ahead of schedule in 1981 will be making a public offer of shares either this year or early in 1981.

Announcing this in his annual statement the Union Corporation chairman, Mr. E. Pavitt, expresses his confidence in the long term growth in demand for uranium for power generation.

He takes a cautious line regarding gold, which was largely responsible for last year's biggest-ever advance in group profits to R83.7m (£47.4m).

Exemplifying its conservative approach, Union Corporation does not consider it prudent to anticipate in its forward planning a higher average gold price than \$300-\$350 per troy ounce "until the gold market shows some stability." Last night the metal closed at \$307 1/2.

The group's director responsible for gold and uranium activities, Mr. L. W. van den Bosch, comments that since the year end there has been "a deluge of gold on to the market in almost every conceivable form. This resulted in refineries being choked with stocks." And he adds that a decline of 40 per cent in European consumption of gold for jewellery has been forecast

for this year.

However, the group's gold mines still seem set to expand earnings in the current year bearing in mind the fact that the average price for 1979 was only around \$300. The platinum and industrial interests should also do well.

General Mining, which previously held 51.7 per cent of Union Corporation, recently bid for the remainder via a share offer of 80 General Mining for every 100 Union Corporation.

Shareholders of the latter voted to accept the offer and following the approval on Tuesday of the Supreme Court, Union Corporation now becomes a wholly-owned subsidiary of General Mining, creating a group with assets of some R2.7bn.

continuing to work the current leases, but it will not be able to return to the Bhekuni Bay leases as normal in early May. Instead, it is to operate in low grade sheltered reserves in Chalong Bay. Net profits for the past half-year were M\$900,000 (£184,000) against M\$986,000 a year ago.

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Clutha Developments, the Australian coal mining subsidiary of British Petroleum, reports a heavy fall in 1979 net profits to only A\$3m (£980,000) from A\$23.1m in 1978. The setback reflects a seven-week strike at the Port Kembla coal loader coupled with lower prices paid by Japanese steel mill customers.

The oil consultants of Hampton Gold Mining Areas say that the latest well in North Sea Block

16/21a drilled by North Sea Sun Oil, in which Hampton has a 5 per cent licence interest, may have "a material impact" on Hampton's North Sea assets.

## SHERRITT SEES HIGHER PROFIT

CANADA'S Sherritt Gordon Mines views 1980 "with a fair amount of optimism" following a year in which profits jumped to a record C\$41m (£15.7m) from C\$14.4m in 1978.

The president, Mr. David Thomas, points out that all the group's metal markets have improved since the year-end and increased copper grades are expected at both its mines. These are the Rutan and Fox copper-zinc properties in Northern Manitoba.

The fabricated metal products division is fully booked for more than half the current year while the fertilizer business should continue to be good in line with a buoyant agricultural market in western Canada.

Further significant earnings are anticipated from the gold and silver operations which last year provided revenue of C\$18.4m, or 5 per cent of the total. Output of precious metals should be higher this year

## Eagle Star

## SUMMARY OF GROUP RESULTS FOR 1979

**DIVIDENDS.** The Directors are recommending to the shareholders at the Annual General Meeting to be held on 9th May 1980 a final dividend of 4.85p per share payable on 15th July 1980 to shareholders on the register as at the close of business on 17th June 1980. With the interim dividend of 4.15p per share which was paid on 5th January 1980 the total dividend for the year will be 9.0p per share (1978: 8.8400p). The total cost of these dividends will be £12.1m.

**RESULTS.** Investment income in the shareholders' fund increased by 23 per cent to £59.7m. Pre-tax profits of Grovewood Securities were £13.2m and with the share of associated companies' profits brought the total income from investments to £73.9m (1978: £60.2m). Shareholders' long term profits were £10.5m after grossing up for corporation tax and franked investment income. After charging pension fund contributions, which is the market practice, fire and general underwriting made a loss of £18.8m (1978: £17.5m). General business premium income increased by 9 per cent.

Overall pre-tax profits increased by 26 per cent to £64.3m.



Sir Denis Mountain, Bt., Chairman.

	1979	1978
	£m	£m
<b>PREMIUM INCOME</b>		
Fire, accident and motor	376.7	342.5
Marine, aviation and transport	20.4	21.4
Long term — annual premiums	119.4	102.1
— single premiums	56.0	50.1
	<b>572.5</b>	<b>516.1</b>
<b>PROFIT AND LOSS ACCOUNT</b>		
Investment income	59.7	48.5
Profits of Grovewood Securities	13.2	11.2
Share of associated companies' profits	1.0	0.5
Shareholders' long term profits	10.5	9.4
Underwriting loss	(18.8)	(17.5)
	<b>65.6</b>	<b>52.1</b>
Expenses not charged to other accounts	1.3	1.2
Surplus before taxation	64.3	50.9
Taxation	25.5	21.5
Minority interest	3.1	2.6
Net surplus for year available for appropriation	<b>35.7</b>	<b>25.8</b>
Staff profit sharing scheme	1.1	0.9
Less taxation	<b>0.6</b>	<b>0.5</b>
Surplus available before transfer to catastrophe reserve	<b>35.2</b>	<b>26.4</b>
Transfer to catastrophe reserve	2.0	2.0
Dividends	12.1	9.2
Balance added to retained profits and reserves	<b>21.1</b>	<b>15.2</b>

**INVESTMENTS.** The free reserves of the group, including capital appreciation on investments other than those of the long-term insurance funds, amounted to 63 per cent of general insurance business premium income.

During the year our cash flow within the United Kingdom showed a further satisfactory increase. The new money was mainly invested in British Government securities and mortgages with some addition to our equity portfolio. In the latter part of the year short term deposits were built up to provide the funds required to finance the acquisition of BSIT. These larger deposits taken in conjunction with very high short term rates of interest contributed usefully to our investment income.

**FIRE AND GENERAL.** Our overall result is analysed geographically in the following table in which is included that part of investment income which arises on insurance funds—

	Premium income	Underwriting result	Investment income less expenses	1979 Total	1978 Total
	£m	£m	£m	£m	£m
United Kingdom, including marine and reinsurance	308.6	(15.3)	38.4	23.1	15.9
Australia	17.1	(2.1)	1.2	(0.9)	0.5
Belgium	27.1	(2.8)	3.4	0.6	1.0
South Africa	31.7	1.9	1.5	3.4	3.0
USA	5.7	0.2	0.4	0.6	0.7
Other territories	6.9	(0.7)	1.1	0.4	(0.1)
	<b>397.1</b>	<b>(18.8)</b>	<b>46.0</b>	<b>27.2</b>	<b>19.9</b>
Attributable to Shareholders' funds			<b>26.6</b>	<b>21.6</b>	<b>41.5</b>
			<b>(18.8)</b>	<b>63.8</b>	<b>41.5</b>

**UNITED KINGDOM.** Premium income increased by 18 per cent to £257m (1978: £218m). 1979 was a difficult year for all underwriting accounts and there was an overall loss of £16.1m (1978: loss £14.5m). The severe weather at the beginning and the end of the year caused heavy damage and had a significant impact on claims costs, as did the increase in the rate of VAT and higher levels of inflation. The commercial and industrial fire account again made a satisfactory profit. The "all-in" account made a loss of £6.4m (1978: loss £7.4m). The effect on the account of the severe weather at the beginning of the year was partly provided for by the additional unexpired risk provision made in 1978. Motor insurance suffered another bad year with higher claims frequency in both private and commercial sectors and further increases in claims costs. There was a loss of £10.1m (1978: loss £7.1m). In the liability account there was an overall loss of £2.6m (1978: loss £1.8m) with losses in both the employers' and public liability sections of the account. The adverse effect of inflation on claims costs continues to be a serious feature of this account. Another good underwriting result was produced by our engineering insurance subsidiary.

**MARINE AND AVIATION.** The 1976 marine underwriting account, closed at the end of 1979, has produced a satisfactory surplus which has been retained in the account in view of the poor experience of the more recent years. The favourable outcome of the 1976 account was contributed to by a relatively light experience of total losses. The fund at the end of the year of £33.1m is equivalent to 162 per cent of our premium income.

**OVERSEAS.** There was an overall underwriting loss of £3.5m (1978: loss £3.1m). Trading conditions in Australia continued to be unsatisfactory. The results of our Belgian subsidiary suffered from the bad weather claims in the early part of the year. South Africa continues to contribute excellent results. The results in the USA are particularly pleasing.

**LIFE.** World-wide new business produced new annual premiums of £29.7m (1978: £25.2m) and single premiums and considerations for annuities amounted to £56.0m (1978: £50.1m). The annual valuation of the life funds has resulted in increased bonuses to policyholders. Profits transferred to the shareholders' account were £6.3m (1978: £5.4m) net of tax, with a grossed-up value of £10.5m (1978: £9.4m) including £0.3m from the Belgian life fund.

**GROVEWOOD SECURITIES LIMITED.** The pre-tax profit of Grovewood Securities was £13.2m (1978: £11.2m). The increase of 18 per cent was achieved in the face of unusually severe trading and economic conditions and shows the underlying strength of the various businesses which make up the Grovewood group.

Copies of the Report and Accounts for 1979 and the Chairman's Statement will be sent to shareholders on 11th April 1980.

## Eagle Star Holdings Limited

1, Threadneedle Street, London EC2R 8BE



## Notice of Meeting

Notice is hereby given that the 139th Annual General Meeting of United Kingdom Temperance and General Provident Institution will be held at the Guildhall, Salisbury, Wiltshire, on Wednesday, 14th May 1980, at 12 noon, for the following purposes:

- To consider the documents comprised within the Report and Accounts for the year ended 31st December 1979.
- To re-elect the following directors who retire by rotation in accordance with Rule 8.01:  
Viscount Sandon  
Mr W M Clarke  
Sir John Riddell
- To elect the following directors who have been appointed since the last Annual General Meeting, in accordance with Rule 9.06:  
The Honourable R M O Stanley  
The Rt Hon Dr J Dickson Mabon, MP  
Mr J J Gunning
- To re-appoint Messrs Deloitte Haskins & Sells as the auditors to the Institution and to authorise the directors to fix their remuneration.
- As special business, to consider the following Ordinary Resolution: "That the fees of the directors be and are hereby increased from the rate of £2,500 per annum for each director to £3,500 per annum for each director with effect from 14th May 1980."

By Order of the Board  
SV Finn  
Deputy General Manager (Property) and Secretary  
12th March 1980

Dolphin House  
New Street Salisbury SP1 2QQ  
Salisbury (0722) 6242

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to St Quintin  
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# Cornhill Insurance Group 1979 Results

	1979 £000	1978 £000
<b>Premium Income</b>		
Fire and accident	110,234	85,631
Marine, aviation and transport	3,747	3,901
General business	113,981	89,532
Life	9,734	7,812
	<b>123,715</b>	<b>97,344</b>
<b>Profits</b>		
Underwriting results:		
Fire and accident	(5,501)	(1,125)
Marine, aviation and transport	(682)	(125)
	<b>(6,183)</b>	<b>(1,250)</b>
Investment income	12,437	9,351
Shareholders' life profits	75	75
Other income	163	(14)
<b>Profit before taxation</b>	<b>6,512</b>	<b>8,162</b>

1979 was a difficult year for Cornhill. Although general business premium income moved ahead by 27.3% to just under £114m, the underwriting result was disappointing and reduced pre-tax profits to £6.5m.

United Kingdom Motor, the biggest of the Group's accounts, was severely affected by the poor weather during the first quarter of 1979 and an underwriting loss was sustained. The household account was also influenced by the weather and by the change in the rate of VAT and was also in deficit, but an underwriting profit was achieved from pecuniary and liability business.

Overseas Very poor results were experienced in Australia and New Zealand but Ambassador, the Group's newly acquired American subsidiary, produced a useful underwriting profit. An underwriting profit was also achieved in Canada but the situation there deteriorated rapidly in the second half of the year.

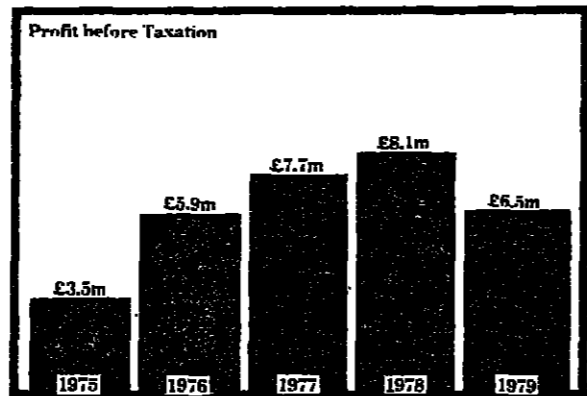
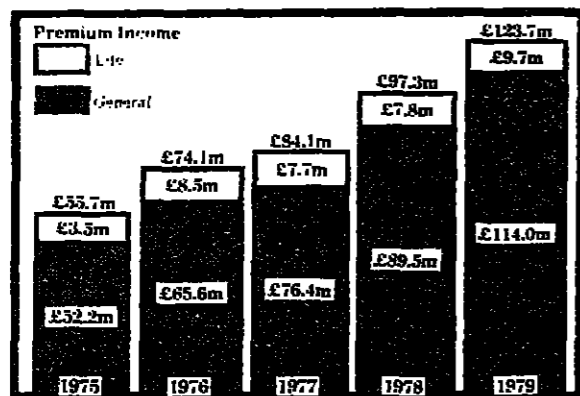
Life Growth was satisfactory with new annual premiums exceeding £2m—an increase of 22% over 1978.

Marine & Aviation In 1979 there were a number of severe casualties and further transfers had to be made to support the Marine and Aviation funds.

Financial investment income increased from £9.3m to £12.4m and the Group's solvency ratio at the year end on a market value basis was 30%.

Outlook Although some of the special problems of 1979 have not recurred so far, the current rates of inflation are worrying and the economic prospects are uncertain. Despite the problems of inflation and difficulties overseas Cornhill hopes that the downturn of 1979 will be an isolated setback in a long term record of expansion.

Copies of the Report and Accounts may be obtained from the Secretary at 32 Cornhill, London, EC3N 3JL.



**Cornhill Insurance Group**  
A member of the Thomas Tilling Group

# KENNING MOTOR GROUP LTD

Distributors and Retailers of Cars, Commercial Vehicles, Petroleum Products and Tyres, Concessionaires for John Bull Tyres, Specialists in Service and Parts, Long Term Contract Hire, Car and Van Hire, Bodybuilders.

Manufacturers of Electric Vehicles, Road Tank Vehicles and Remoulded Tyres, Operators of Motorway Service Areas, Insurance Brokers.

## Chairman's Statement

Pre-tax profits for the year ended 30th September, 1979, show a marginal increase over the record previous year.

These were achieved in difficult circumstances.

Margins on new vehicles suffered due to increased price cutting engendered partly by schemes of some manufacturers to give extra bonus for increased volumes. The overall effect was detrimental. Increases in the price of petrol affected the balance of the market as customers strove to exchange large cars for smaller models. This had a bad effect on the second hand market.

The high cost of financing stocks was another factor in producing sharply reduced profits for the motor depots.

Parts operations also had a difficult year due to a declining RL market and to supply problems. Future trading is expected to continue to be highly competitive.

Workshop sales held up, but expenses increased. There are noticeable signs that motorists are omitting expenditure on maintenance but the tendency to retain cars for longer periods should stimulate service sales in the current year.

With a lower forecast new car market and ever increasing overheads, the prospects for the motor depots do not appear to be good.

Profits from Contract Hire were down due, in part, to high interest charges and an inadequate supply of certain popular vehicles for fleets due to replacement.

Fortunately, despite a poor September quarter due to increased prices of petrol and the known decline in the tourist trade, Kenning Car and Van Hire produced record profits. This year will be much more difficult.

Currently, the sluggish second hand market is affecting not only our motor depots, but also Car Hire and, to a lesser degree, Contract Hire. Although there are signs of a modest improvement in sales, it is more difficult than last year to dispose of our hire replacements and margins on these have suffered.

Kenning Tyre Services achieved sharply increased profits due especially to trading in new truck, earthmover and tractor tyres. Car remould production continued to decline but truck tyre production remained buoyant. Prospects for the current year indicate a further improvement.

Kenning Fuel Supplies benefited both from the severe winter and from the availability of product. To date, however, the present winter is proving to be mild.

Retail petrol sales showed an increase while margins improved to a more acceptable level. It will be difficult to maintain such satisfactory progress this year.

Motorway Service Areas made up for the effect of the road haulage strike and of bad weather and produced a significant improvement in profits.

As a result of economies and improved efficiency, Kennings SA turned a loss into a small profit. I regret that prospects for this year are not good.

Our electric vehicle manufacturer, W. & E. Vehicles, had a record year and we expect good results in 1980.

Kenning Road Tankers and specialised services also did well and we hope for continued progress.

You will observe that the results from the Rhodesian subsidiaries have not been consolidated due to the uncertainties of the future. I regret to report the death of Mr. E. W. H. Bishop who will be sadly missed as Managing Director. He served the Company faithfully and well in troublesome times. Fortunately Mr. C. Theodosiou, the former Sales Director, has consented to be appointed as Managing Director. We have every confidence in him and in the non-executive Chairman, Mr. W. B. Murray. I am sure that everyone will wish them a happy outcome from all their afflictions.

I regret to report that a downward trend in profits, which began in the September quarter, has continued. The first quarter of this year has produced a sharp fall in profitability.

Unavoidable increases in costs combined with a sluggish economy are taking their toll. Efforts are being made to overcome these problems but, even so, I cannot foresee that the results for the current year will be anything other than bad. I do, however, look forward to an improvement in the following year.

During the year, our Chief Accountant, Mr. D. T. Forbes, has joined the Board. His judgement and vigour are a great asset to us.

During the year, your Group has benefited from the efforts of its employees and I thank them most sincerely for this. I look forward to their help in the difficult times ahead.

Year Ended 30th September, 1979	1979 £000	1978 £000
Turnover	235,648	213,059
Group Trading Profit	78,600	16,700
Group Net Profit before Taxation	8,434	8,266
Dividends Distributed	1,795	1,493
Cost to Company		
Shareholders Funds (issued Capital and Reserves)	34,608	49,767
Capital Employed (Shareholders Funds, Debentures, Loans, Deferred Taxation and Minority Interests)	63,964	60,871
Fixed Assets	52,813	47,026
Net Current Assets	12,733	13,482

Number of Shareholders 5,700  
Value of Group Properties £23,000,000  
Number of Employees including Zimbabwe 1,159  
Number of Apprentices 464  
Copies of the 1979 Report and Accounts may be obtained from the Secretary, Motorway Service Areas, Old Road, Chertsey, Surrey.

**KENNING MOTOR GROUP**

## Companies and Markets

## UK COMPANY NEWS

### Rotork down 3.7% but prospects better

A LITTLE changed second half result left taxable profit at Rotork for 1979 down 3.7 per cent. Though the marine division moved strongly into profit, as anticipated, the controls side faced difficulties in introducing three new product ranges into an intensely competitive world market.

Overall profit by the group, which designs and makes valve control equipment, marine craft and machinery tools, dipped from £3.3m to £3.18m on turnover £0.34m ahead at £19.18m.

Midyear, when the surplus slipped to £1.35m (£1.45m), the company said that the strength of sterling had had an adverse effect.

However, the new controls products and a sustained position in the marine activity are helping the group to expect an encouraging year in 1980. Against this the directors add a note of caution over the strength of the pound, particularly for the company's export business.

With the tax charge for 1979 up at £1.53m (£1.45m) stated earnings per 10p share were 1.6p lower at 8.1p. The net total dividend is being stepped up to 2p (1.21p) by a 1p fine gain.

After a £107,000 (£138,000) adjustment for unrealised exchange differences and extraordinary debits of £150,000 (£16,000) attributable profit emerged at £1.35m (£1.7m). Of this dividends absorbed £300,000 (£280,000).

The retained balance came out at £814,000 (£1,420m).

Rotork currently enjoys a major position in the UK market for valve actuators and is also active

overseas: its slight pre-tax decline is not therefore worrying. Over the past few years the company has followed a policy of seeking to increase market share at home and abroad even if this means a fall in margins. Last year's pre-tax margin was off a point, but the group now has solid fifth of the American market. Strong sterling did pinch Rotork, but in other respects the group is sitting pretty. With a cash balance of around £2m, this is one engineering group with plenty of interest received. Rotork's new electric and pneumatic actuator products, like many of its controls, are tied to the energy and petrochemical business and to power generation operations. So there should be plenty of growth potential, particularly if the Carter Administration gives a greener light on nuclear power development. The yield is 5.7 per cent at 66p, up 5p, and the p/e comes to 6.2 on published earnings.

### Cartwright moves over £1m mark

WITH second half pre-tax profits of £1.1m, Cartwright (Holdings) is increasing from £538,255 to £552,307. Full year figures for 1979 were £1.13m against £931,285.

This manufacturer of door and window furniture had a tax charge of £590,632 (£455,146), leaving £543,975 against £446,138.

### AB Electronics heading for £0.58m less at full time

AS FOREWARNED in November, the engineering dispute depressed performance at AB Electronics Products Group in the first half of 1979-80. The strike combined with increased competition from imports, sliced 24 per cent off sales and taxable profit slipped £185,258 to £395,254.

Now, with a second half expected to match the first, the electronics components and systems manufacturer looks headed for a sharp fall of some £0.58m from last year's peak £1.38m.

Good progress is, however, being made in certain project areas and the long-term outlook remains encouraging say the directors. They anticipate a good upturn in the next financial year with growth particularly in telecommunications and defence. At the trading level first-half profit was down from £1.01m to £0.58m (£1.08m). The depreciation provision rose to £361,481 (£285,948) but net interest costs were cut from £142,688 to £78,361.

Stated earnings per 25p share were more than halved from 13.7p to 6p after meeting a tax charge of £227,254 (£385,312).

The net interim dividend is raised to 3p (2.5p) and absorbs £114,732 (£33,958). Last time a 7p total was paid.

All subsidiaries operated profitably during the six months and the German offshoot showed a 24 per cent increase in sales over last year. Plant modernisation

and additions to specific products continued and capital spending was up 13.5 per cent. The building on new factories for printed circuits at Newbury and microcircuits in Austria which will open up new markets to the company.

### Geo. Wills up £160,000 at year-end

AS FORESHADOWED at the interim stage when profits were almost doubled at £603,000, 1979 pre-tax surplus of George Wills and Sons (Holdings) at £1.18m, emerged ahead of the previous year's £1.02m. The second-half performance, however, showed a fall to £582,000, compared with £716,000 in the same period of 1978.

Management accounts for the first quarter of the current year indicate that the group is maintaining its level of profitability.

The final dividend of 3p net, 1p higher than that forecast in September and raises the total payment from 3.55p to 4.5p per share on earnings per 25p share stated at 15.95p (16.8p). A one-for-four scrip issue is also proposed.

Turnover of the importing and exporting group increased from £65.5m to £68.9m. With SSAP 15 adopted there was a favourable tax charge of £420,000 (£295,000).

### HME down slightly to £23.3m at nine months

THE STRONGER pound meant that although pre-tax profits of Harrison's Malaysian Estates showed an improvement in terms of Malaysian ringgit, the sterling equivalent fell.

For the nine months ended December 31, 1978, fell slightly to £23.32m, compared with £23.75m for the same period last year.

Turnover of the 80 per cent owned subsidiary of Harrison's and Crossfield slipped to £54.8m, against £58.3m. Using exchange rates applicable at the time, pre-tax profits for the period in Malaysian currency were £114m (£124.1m).

Crops, sales and exchange rates so far in the final quarter are such that it is expected that pre-tax profits in sterling for the full year will exceed the previous year's £30.47m.

Owing to a substantial fall in the price of cocoa, the nine-month profit on that crop was down £1m.

Earnings per 10p share for the nine months are shown lower at 7.8p (8.01p), while, to reduce disparity, the net interim dividend is raised from 1.5p to 2.5p, costing £4.17m (£2.5m).

The directors say this payment should not be taken as an indication of the level of the final—last year's total was 6.5p.

### Resignations 'at request' of chairman

Two directors of Bernard Wardle, Mr. Eric Dodson and Mr. McLaren Morris, who resigned from the board on Tuesday, did not do so at the request of the board. It was announced yesterday. Their resignations, said by the two men to have been "voluntary," were given at the request of Mr. Ronald East, the chairman.

Mr. East himself is due to resign shortly as chairman to make way for Mr. Graham Ferguson Lacey who has taken over the vinyl textiles group following a reluctantly agreed bid which went unconditional last week.

Mr. Ferguson Lacey is expected to make a statement shortly concerning the company's factory in Carnarvon in North Wales which the previous board proposed to close in May.

While supporting the board's policies, Mr. Ferguson Lacey has promised the workforce that he would look at the conditions leading to the proposed closure to determine whether it is "irrevocable."

### Lyon & Lyon nears £0.78m

PRE-TAX profits of Lyon & Lyon the West Yorkshire Ford dealer, vehicle repair specialist and shipbuilder and repairer, improved from £621,527 to £779,742 during 1979. At the half-way stage, pre-tax profits were

### STAG FURNITURE

In the current year sales by Stag Furniture Holdings have risen by some 12 per cent over the corresponding period of 1978. In yesterday's report the increase was inadvertently shown as 25 per cent.

### £5m offer by Mid Southern

The Board envisages that £386,030 (£51,783) relating to deferred tax will not be required in the near future.

The final dividend is raised from 2.5606p to 2.9p, making a total of 4.625p (4.06061p). Stated earnings per 10p share are down from 11.01p to 10.44p.

Turnover for the year jumped from £5.96m to £8.81m.

### Wm. Nash recovers to £0.68m

AFTER REPORTING a £102,000 downturn at mid-year, pre-tax profits of William Nash, unquoted maker of specialist papers, recovered in the second six months of 1979 to finish ahead at £661,973, compared with £662,030. Turnover for the year improved from £10.02m to £11.59m.

First-half profits had fallen to £307,000 (£368,000) and the directors then said that the strong pound had adversely affected profitability of the company's export business in the period.

Tax for the year takes £196,242 (£199,074) and after reduced extraordinary credits of £39,536 (£139,782) arising from the sale of surplus properties, available net profits emerged down from £604,738 to £525,275.

The final dividend is raised from 4.74p to 6.5p making a total of 12p (10.24p). Stated earnings per £1 share were up from 102.4p to 108.4p.

Mid Southern Water Company is raising £5m by an offer for sale by tender of stock redeemable at par on April 30, 1985.

The offer is of 10 per cent redeemable preference stock at a minimum price of 98p per cent.

Tenders for a minimum of £100 stock have to be submitted before April 2 with a deposit of £10 per cent application.

The first dividend will be 1.75p per cent and payable on July 1. Thereafter they will be paid half-yearly on January 2 and July 1.

Brokers of the issue are Seymour, Pierce and Company.

### comment

The terms of Mid Southern's issue are similar to the previous offer from Sutton District although the life of the stock is two years longer. Although market fluctuations make the outcome difficult to predict, the Mid Southern offer should be successful given that, at the minimum price, the running yield of 14.57 per cent and 15 per cent to redemption is slightly better than similar dated gilts, and for those able to take advantage of franked investment income, the return is an impressive 21.25 per cent.

### Standard Ind. ahead at midway

TAXABLE profits of Standard Industrial Group, formerly Benthams Industries, advanced from £185,000 to £225,000 in the six months to December 31, 1979, on turnover of £4.53m against £3.86m.

Current trading continues satisfactorily despite the present difficult economic climate, say the directors of the group, which imports watches and clocks and manufactures precision instrumentation and components.

The interim dividend is 0.9p net. In addition, the directors propose to make a special payment of 0.95p in respect of the six months' extra trading following a change in the year end. The additional dividend, which will be paid concurrently with the interim, brings the total for 18 months to 2.854p.

Tax for the six months under review takes £117,000 (£85,000).



### INTERIM RESULTS (unaudited)

	39 weeks ended 11th January 1980	39 weeks ended 12th January 1979	Year ended 30th June 1979
Turnover	12,022	11,297	21,355
Trading profit	1,812	1,640	3,418
Deduct: Interest	143	187	220
Profit before taxation	1,669	1,453	3,198
Taxation (U.K. Tax 22%)	634	350	646
	1,035	1,103	2,552
Extraordinary items	(9)	25	(18)
Profit for the period	1,026	1,128	2,534
Earnings per share pre-tax	13.9p	12.4p	26.6p
Earnings per share after tax	8.6p	9.5p	21.2p
Dividends per share	2.0p	1.0p	4.0p

### Mrs J.M. Tyrrell, Chairman, comments:

The mild autumn and winter did little to assist sales of hand knitting yarns and high stocks at the retail level reduced the demand from spinners, although the hand knitting sector fared better than textiles generally. Against this background our increase in turnover and improvement in market share should be regarded as a significant achievement.

In general, the trend has been towards lower priced products, to some extent offsetting increased volume and resulting in slightly lower net margins. However, the demand for our chenille yarns continues to exceed supply and additional machines have been installed for this quality.

An increase of over 12 per cent in pre-tax profits, whilst modest in relation to the advance of the past two years, is commendable under these circumstances.

There are signs of some recovery in activity at the retail level which give hope that the result for the year as a whole will produce a further advance.

In order to redress the disparity between the interim and final dividends the directors have declared a net interim dividend of 2p per share on the ordinary shares (1978: 1p per share) payable on the 19th May 1980 to all ordinary shareholders on the register of members at the close of business on 24th April 1980.

Sirdar Limited, Alverthorpe, Wakefield, WF2 9ND

### M. J. H. Nightingale & Co. Limited

27/28 Lowest Lane London EC3R 8BB Telephone 01-621 1212

High	Low	Company	Price	Change	Div (%)	Y	P/E
96	86	Alpsprung	66	-1	8.7	10.1	3.31
96	96	Amalgams and Rhodes	56	-1	3.8	12.7	1.91
250	196	Bardon Hill	250	-2	13.8	8.7	7.44
101	63	County Cars 10.7% P.V.	82	-1	15.3	18.7	7.41
101	63	Debenham Ltd.	82	-1	15.3	18.7	
103	88	Frank Marshall	103	-7	7.9	5.3	16.4
129	88	Frederick Parker	95	-1	12.8	12.9	4.5
158	102	George Blair	95	-1	16.7	16.7	
70	46	Jackson Group	70	-2	5.2	7.4	
153	113	James Burrough	118	-1	7.2	6.2	
302	242	Robert Jenkins	118	-1	16.7	16.7	
232	175	Torday	218	-1	14.3	6.8	
15	15	Twinkl-Ord	15	-0.4	0.8	5.4	
80	70	Twinkl-12% U.S.	78	-1	12.0	16.7	
66	23	Unilock Holdings	45	-1	4.4	4.4	
34	42	Water Alexander	34	-1	4.4	4.4	
180	138	W. S. Yates	182	-1	11.5	11.5	

† Accounts prepared under provisions of SSAP



# Bank Leumi (U.K.) Ltd

Head Office: P.O. Box 24F, 4-7 Woodstock Street, London W1A 2AF  
Tel: 01-339 1305

## Substantial progress in the Bank's activities

Highlights from the Statement of the Chairman,  
Mr. E. I. Japhet KBE, at the Bank's  
Annual General Meeting

\* 1979 was another year of development and growth which enabled the Bank to register a further increase in its profits. Total assets reached £180.5 million. The Directors propose a final dividend of 5.76p per share, making a total for the year of 3.56p net per share (1978-8.20p per share).

\* During the year, the Bank's capital funds grew by over one-third to £3.6 million. A rights issue increased share capital by £1 million and a subordinated loan of £1 million was received from Bank Leumi le-Israel EM.

\* The number of accounts increased by over a third and there was a marked expansion in customers' deposits and in loans. The new branch at Gants Hill, Ilford had a successful first year, whilst the other High Street branch in Golders Green is firmly established and contributing well to overall performance.

\* Particular efforts were devoted to developing and financing two-way trade and investment with Israel, for which prospects have been enhanced by Israel's Peace Treaty with Egypt and the dismantling of UK exchange controls.

Branches in the West End, the City, Golders Green  
and Gants Hill, Ilford.

UNITED KINGDOM SUBSIDIARY OF

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1902-1980  
ISRAEL'S LARGEST BANKING GROUP

**Toshiba Corporation.**  
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## CONSOLIDATED SEMI-ANNUAL REPORT

Statement of Income	(For the period April 1 to September 30, 1979) (in millions of Yen)
Sales and other income	966,833
Costs and expenses	916,105
Income before income taxes	50,728
Income taxes	27,138
Net income	23,590
Net income per common stock	11.18 (in Yen)

Balance Sheet	(September 30, 1979, in millions of Yen)
<b>ASSETS</b>	
Cash and time deposits	256,701
Notes and accounts receivable, trade	443,468
Inventories	362,376
Other current assets	241,826
Property, plant and equipment	279,190
Other assets	310,273
<b>Total assets</b>	<b>1,893,834</b>
<b>LIABILITIES</b>	
Bank loans	523,634
Notes and accounts payable, trade	313,067
Other current liabilities	497,871
Other liabilities	346,431
Common stock	106,136
Surplus	106,693
<b>Total liabilities</b>	<b>1,893,834</b>

**TOSHIBA**

TOSHIBA CORPORATION  
Tokyo Head Office: 1-6 Uchisaiyowa 1-chome, Chiyoda-ku, Tokyo 100 Japan Phone 501-5411  
Cable: TOSHIBA TOKYO Telex: J22587 TOSHIBA



## GENERAL MINING AND FINANCE CORPORATION LIMITED ("GENMIN")

(Incorporated in the Republic of South Africa)

Rights Offer of 30 Ordinary Shares of 40 cents each at 1,500 cents each ("the shares") for every 100 ordinary shares held

Central Merchant Bank Limited is authorised to announce that the scheme of arrangement proposed by Genmin between Union Corporation Limited and its shareholders other than Genmin and its subsidiaries and nominees became operative on 29 March 1980 and that the proposed increase in the authorised share capital of Genmin was authorised at a meeting of shareholders held on 19 March 1980. Genmin will therefore proceed with the rights offer as announced on 18 December 1979.

The Johannesburg Stock Exchange has granted a listing of the letters of allocation from Monday, 31 March 1980, to Wednesday, 23 April 1980, and a listing of the shares from Thursday, 24 April 1980.

The Council of The Stock Exchange, London, has granted a listing for the new shares with effect from 31 March 1980. Dealings in London will commence in all paid shares from that date and in fully paid shares from 28 April 1980. Dealing in all paid shares in respect of the period 31 March 1980 to 3 April 1980 will be for deferred settlement on 9 April 1980.

A circular containing full details of the rights offer and the letters of allocation will be posted to ordinary shareholders on 3 April 1980, on which date instructions to holders of share warrants to bearer will be published.



**Senbank**

CENTRAL MERCHANT BANK LIMITED  
(Registered Merchant Bank)

(Incorporated in the Republic of South Africa)

Johannesburg, 27 March 1980

Companies  
and Markets

## INTERNATIONAL COMPANIES and FINANCE

### Equity financing for Kenana Sugar

By James Buxton

THE Kenana Sugar Company, which runs one of the world's largest sugar plants, in Sudan, is to finance the last stage of its construction by nearly doubling its equity capital, to about \$310m. A meeting is to be held in Khartoum this weekend to finalise the arrangements.

Kenana began making sugar in mid-February and is now producing about 750 tons of sugar a day from one of the two trains of the factory. But a further \$150m is needed to complete the second train of the factory, the irrigation work, and the housing to bring the plant up to its full capacity by the 1981-82 crushing season.

Part of the additional funds were to have been provided in the form of loans but at recent meetings of the major shareholders in Kuwait it was decided to raise the \$150m in the form of equity. Some \$130m of this is likely to be in the form of preference shares and the rest ordinary shares. Both types of share will carry full voting rights.

### Transformed prospects

The negotiations have been protracted and difficult not because of reluctance by shareholders to sink further funds in the project, the cost of which is now several times the original estimates, but because shareholders believe that the recent rise in the sugar price has transformed Kenana's financial prospects. Both the Sudanese and Kuwaiti Governments are anxious to have bigger stakes. Sugar prices in the past three months have been up, and at times have exceeded Kenana's estimated break-even point of \$500 per ton.

Two new shareholders are expected to take equity under the new arrangements. They are the Arab Authority for Agricultural Investment and Development (AAID), a multi-state Arab concern based in Khartoum, and the El-Nilein Bank, a State-owned Sudanese bank. These two institutions are expected to account between them for at least \$30m of the new capital in ordinary and preference shares.

The Sudan Government is expected to take \$30m worth of shares in hard currency. The Kuwait Foreign Trading Contracting and Investment Company, which manages the Kuwait Government's stake, will underwrite the issue.

### Smaller shareholders

It is not clear whether the two other large shareholders, the Saudi Arabian Government and the multi-state Arab Investment Company (AIC), which was largely responsible for steering through the new capital formula, will take up any of the new equity. Nor is the position of the smaller shareholders yet known. These are Lomro, which managed the project until 1977, Gulf Fisheries, a private Kuwaiti company, and Nisho-Iwai, a Japanese concern.

Kenana's current authorised capital at present is \$578.475m, which is \$138.95m at current exchange rates. Of this, the Sudan government together with the state-owned Sudan Development Corporation (SDC) hold 40.26 per cent, the Kuwait Government 18.32 per cent, Saudi Arabia 18.24 per cent, the AIC 13.69 per cent, Lomro 3.34 per cent, Nisho-Iwai 1.17 per cent, and Gulf Fisheries 1.17 per cent. Some 3.77 per cent is subscribed.

Under the new arrangements the Sudan Government (with the SDC) will just remain the biggest single shareholder. The total cost of the project is still officially put at around \$800m (financed from both equity and loans of different kinds) though the total funds the project may consume before it makes a return on capital has been unofficially put as high as \$1bn. But if sugar prices remain high the company could start paying dividends in 1983.

Kenana should be in full production by the 1981-82 crushing season, producing 100,000 tons of sugar a year from 81,000 acres.

### BANKING IN WEST GERMANY

## Dresdner to expand further in U.S.

BY KEVIN DONE IN FRANKFURT AND MICHAEL LAFFERTY IN LONDON

DRESDNER BANK of West Germany, one of the ten largest banks in the world with group assets in excess of DM 140bn, is planning further expansion of its operations in the U.S.

Dresdner will find its growth outside West Germany in coming years, Dr. Manfred Meier-Preschany, board member responsible for international banking said. "Our network is not complete. We feel very positive about the U.S., Latin America and the emerging world of the Far East," he said in an interview.

At present Dresdner has foreign branches in New York, Chicago, Los Angeles, London, Paris, Tokyo, Madrid, Hong Kong and Singapore. It has around 1,000 branches in West Germany and is the country's second largest bank.

Dr. Meier-Preschany said that

Dresdner had modified its original objectives for going international, which were simply to serve the needs of the bank's German corporate clients. He refused to comment on whether the bank was now seeking a U.S. bank takeover, but said: "If you are in Rome, you do as the Romans do." He added that he would not be surprised to see more foreign banks entering the U.S. retail banking arena "to chase a bigger pack of middle-size corporate customers."

Talking about international banks in general, Dr. Meier-Preschany thought that their multinational character would gradually be replaced by a transnational one, "with their shareholders, if not the majority ownership, spread among all the countries in which they operate."

In contrast to Dresdner, management at Deutsche Bank, West Germany's largest bank, says it has now more or less reached the end of current international expansion plans. As things stand the bank has branches in London, Paris, Brussels, Antwerp, and a subsidiary in Luxembourg. Elsewhere it has a branch and an investment banking arm, Atlantic Credit Corporation, in New York as well as one branch in Tokyo and three in South America.

Deutsche Bank is also a leading member of the EBIC banking club, which also includes Midland Bank. The EBIC partners own a number of banks, including European-American Bank in New York which is based on the old Franklin National Bank. Deutsche Bank says it is not

interested in retail banking outside West Germany. "It would have nothing to do with serving our domestic corporate customers," states Dr. F. Wilhelm Christians, a senior board member and joint speaker at the bank.

Commerzbank, the smaller of the three major banks, has operating units in a dozen foreign centres, including New York and Chicago. Dr. Wolfgang Jahn, board member responsible for international affairs at the bank, says there are "two or three more spots around the globe" where Commerzbank could open branches. The possibility of a U.S. takeover was "a permanent question for discussion" at the bank. However, there are no plans, and the bank is now likely to settle for a period of consolidation.

## Reduced loss at Renault trucks

BY TERRY DODSWORTH IN PARIS

RENAULT VEHICULES Industriels, the commercial vehicle division of the nationalised French motor company, reduced its losses last year to FF 269m (\$61m) compared with FF 400m in 1978.

Despite the ending of its expensive redundancy programme, however, RVI is unlikely to emerge from the red this year as it hoped previously. According to a statement by M. Francois Zannotti, chairman of RVI, the company is likely to be hit by the steep rise in interest rates currently being

felt in France. These increases will be particularly burdensome because of the group's high level of indebtedness.

M. Zannotti's remarks, leaked from a private meeting in advance of the official publication of the figures, indicate that the company also sold off FF 70m worth of assets last year as part of the rationalisation programme.

Most of this reorganisation is now finished in France. The two inherited distribution networks of Saviem and Berliet have been amalgamated, and

the redundancy programme for more than 30,000 workers brought to an end.

Both of these factors weighed on the accounts last year, with the redundancies costing about FF 180m, compared with a total of FF 243m over the two years up to the end of 1979.

In addition, the company suffered several strikes. These interruptions reduced output by about 4,000 vehicles and contributed to its loss of market share in France, for it finished the year with about 41 per cent of commercial vehicle sales.

## Monier offer for Clifton Brick

BY JAMES FORTH IN SYDNEY

MONIER, the major building products group, has made an A\$24.4m (U.S.\$28.5m) cash takeover offer for Clifton Brick Holdings, the Victorian clay brick maker. The Clifton Board is yet to consider the bid, but the powerful Ansliss family owns about 40 per cent of the company and the chairman, a member of the family, has already labelled the offer price as "totally inadequate."

Monier is offering A\$1.65 a share, which until recent weeks would have compared with a high of just over A\$1.00. The price has strengthened recently to A\$1.25. The bid needs the approval of the Foreign Investment Review Board (FIRB) because Redland of the UK owns 47.6 per cent of Monier. This is a legacy of a contested takeover in 1970 after which Redland signed a written agreement that it would not seek more than 50 per cent of the capital.

Redland has board representation but the Monier management is autonomous and selected locally. The offer price is equivalent to 13 times Clifton's 1978-79 earnings and compares with an industry average p/e ratio of 7.7. It is also well above Clifton's stated net asset backing of A\$1.10 a share.

Monier is making a formal takeover approach. It cannot use the on-market approach—standing in the market for one month taking all shares offered, because as a foreign company it must obtain FIRB approval to acquire more than 15 per cent of Clifton. The bid was announced yesterday morning after a meeting between Mr. Jack Davenport, the Monier managing director, and Mr. Adrian Gibson, Clifton's chairman.

Monier's major product is terra cotta roof tiles and it makes clay bricks only in Western Australia. Clifton holds about 21 per cent of the Victorian market and also has plants in the Australian capital territory and Tasmania. Monier said it was interested in Clifton to enable it to provide its customers in the building industry with "total supply packages" which would lead to economy and price containment.

## Waltons omit interim

BY OUR SYDNEY CORRESPONDENT

WALTONS, THE Australian retail group, incurred a further loss in the January half year, despite buoyant trading over the Christmas period, and has omitted an interim dividend payment. The group was affected by a continued decline in instalment credit sales, which make up almost 40 per cent of Waltons' retail sales, and a cut in gross margins to meet competition and to clear surplus inventory.

The loss for the period was A\$455,000 (U.S.\$495,000) compared with a profit of A\$4.5m in the first half of 1978-79. However, the group plunged into a A\$6m loss in the second half last year, resulting in an overall deficit for the full year of A\$1.5m. A final dividend was omitted, but the company paid an interim of 3.5 cents a share.

Group sales rose 5.7 per cent to A\$1.76m in the latest six months, but instalment credit sales declined 1.7 per cent, while cash and other forms of credit sales rose 10.8 per cent. The directors said that trading was more buoyant in December and January than the earlier four months and this trend had continued into the current half.

ever, the group plunged into a A\$6m loss in the second half last year, resulting in an overall deficit for the full year of A\$1.5m. A final dividend was omitted, but the company paid an interim of 3.5 cents a share.

Group sales rose 5.7 per cent to A\$1.76m in the latest six months, but instalment credit sales declined 1.7 per cent, while cash and other forms of credit sales rose 10.8 per cent. The directors said that trading was more buoyant in December and January than the earlier four months and this trend had continued into the current half.

## UIC shares valued above bid

BY GEORGIE LEE IN SINGAPORE

MORGAN GRENFELL ASIA, the independent advisers to shareholders of United Industrial Corporation (UIC) in the current takeover battle, has valued the UIC shares at between S\$5.88 and S\$7.15 (U.S.\$3.19). This is substantially higher than the S\$4.00 per share offered by United Industrial Overseas Holdings (UIOH), and the competing offer of S\$4.50 per share made by the Hong Kong company, Hang Lung Developments.

Morgan Grenfell said that the value within the range is dependent upon the treatment of the potential tax liability on the surplus arising from the revaluation of the portion of UIC Building which is owned by UIC's subsidiary, UIC Development.

The merchant bank said that the price of S\$5.88 reflects the value after allowing for the full

40 per cent potential tax liability on a sale of the 66 per cent of UIC Building, owned by UIC Development, while the figure of S\$7.15 allows for no potential tax liability.

Morgan Grenfell disclosed that a valuation of UIC's share of the building by property valuers, Jones Lang Wootton, who were commissioned to do the valuation in February this year, showed a figure of S\$83.9m (U.S.\$37.3m). This is considerably higher than the book value of S\$26.3m as at July last year. UIC Building is located in the heart of Singapore's central business district.

Morgan Grenfell Asia has

thus advised shareholders against accepting the offer by UIOH, a company controlled by Mr. Chwang Wan Lien, who is also the managing director of UIC.

Mr. Lee Kim Yew, the chairman of UIC, and two other directors of UIC, collectively controlling 13.1 per cent, have also recommended shareholders not to accept the offer.

Morgan Grenfell has not commented on the offer by Hang Lung Development group, as the formal offer has not yet been made. Hang Lung announced its intention to make a conditional offer for the UIC shares only on March 14.

## Earnings rise sharply at City Developments

BY OUR SINGAPORE CORRESPONDENT

CITY DEVELOPMENTS, the Singapore property developer, has reported its best ever performance for the year ended October 1979. Group pre-tax profit rose eight-fold to S\$7.44m (U.S.\$3.3m), while at the post tax level, group profit was S\$3.15m, or 18 times the 1978 figure. The tax charge was up three and a half times, at S\$2.29m.

With the record profit, City Developments is to pay a first and final gross dividend of 10 per cent—its first dividend payment since 1975.

The source of the improve-

ment was the City Plaza project, City's largest ever property development. City Developments said that 90 per cent of the commercial space available for sale in City Plaza, which is located in Geylang, one of Singapore's major suburbs, have already been taken up.

Its five-storey podium block, consisting of shop units and a car park, is expected to be ready in the third quarter of this year, while the residential portion comprising 11 floors with 66 apartments is expected to be completed by mid-1981, and will be put on sale soon.

## First operating profit for Statoil

By Fay Gjerstad in Oslo

STATOIL, the Norwegian state oil company, founded in 1972, had an operating profit of Nkr 13m (\$2.5m) last year, compared with an operating loss of Nkr 97m in 1978. It was the company's first ever operating profit, and the net result, after financial costs and depreciation, was a loss of Nkr 217m, against a loss of Nkr 194m in 1978. The company, however, expects to balance its accounts this year. Statoil is still spending heavily on development (investments last year totalled Nkr 2,850m) but has now begun to reap the results. Last year, production started on the giant Anglo-Norwegian Statfjord field, in which Statoil has a 44.4 per cent share.

Turnover from sales of crude oil, petrochemicals and refined products reached Nkr 3,255m (\$640m), 63 per cent up on a year earlier. From January 1, Statoil increased its stake in Norol, a refining and marketing company, from 15 per cent to 73.63 per cent and from now on the two will be operated as one concern. Their combined turnover this year is expected to reach Nkr 10bn, rising to Nkr 17bn in 1984.

## Conti-Gummi misses payout

By Our Financial Staff

OPERATING profits at Conti-Gummi-Werke have been insufficient to pay a dividend for 1979. Mr. Carl Hahn, the management board chairman, said, Conti-Gummi last paid a dividend in 1971. The tyre-making division has returned to profits for the first time since 1971. But the year's results were achieved largely as a result of favourable market conditions. Mr. Hahn stressed, "Economic conditions in 1980 will not be as favourable as in 1979," he said, adding that "setbacks" will have to be taken into account in the first years of the present decade.

## THE SAITAMA BANK, LTD.

Negotiable Floating Rate U.S. Dollar  
Certificates of Deposit  
Maturity date 30th September 1981

In accordance with the provisions of the Certificates of Deposit notice is hereby given that for the six-month interest period from 27th March 1980 to 29th September 1980 the Certificates will carry an interest Rate of 19 1/2% per annum.

Agent Bank

Hill Samuel & Co. Limited,  
London

### VONTobel EUROBOnd INDICES

PRICE INDEX	25.3.80	18.3.80	AVERAGE YIELD	25.3.80	18.3.80
DM Bonds	68.22	68.14	DM Bonds	10.047	9.549
HFL Bonds & Notes	84.34	84.22	HFL Bonds & Notes	11.381	11.374
U.S. \$ Gov. Bonds	80.96	80.98	U.S. \$ Gov. Bonds	12.771	12.645
Can. Dollar Bonds	82.91	83.08	Can. Dollar Bonds	13.317	13.271

### ALLIED IRISH BANKS LIMITED

U.S.\$30,000,000  
Floating Rate Subordinated  
Notes due 1984

In accordance with terms and conditions of the Floating Rate Subordinated Notes due 1984, the Rate of interest for the interest period from 26th March 1980 to 25th September 1980 has been fixed at 19 1/2% per annum. The Coupon Amount of U.S.\$30.24 will be payable on 25th September 1980 against surrender of Coupon No. 7. 27th March, 1980.  
Manufacturers Hanover Limited  
Agent Bank

Weekly net asset value

on March 24 1980

Tokyo Pacific Holdings N.V.

U.S. \$7251

Tokyo Pacific Holdings (Seaboard) N.V.

U.S. \$5283

Listed on the Amsterdam Stock Exchange

Information: Pierson, Halding & Pierson NV Haringvliet 214, Amsterdam

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For a more detailed and technical look at our peacemakers just turn to the back page, or if you'd like even more information, write to us at the address below.

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## JOBS COLUMN, APPOINTMENTS

## What defines the young 'high flyer' of today?

BY MICHAEL DIXON

A FANG of nostalgia was evoked this week by the latest Reward salary survey. Regular readers may remember that, until its recent change to an entirely new basis, Reward was the source of the Jobs Column's thrice-yearly managerial salary indicators (whether and, if so, how best to reintroduce this service, I haven't yet decided). But that was not the cause of the nostalgia.

What jerked the old heart strings was the effective disclosure by Peter Brown, the publisher of Reward, that in 1963 he was picked out for interviewing by a researcher into motivation, as a "high flyer." The definition of a high flyer, in those days, he recalls, was somebody on a salary of at least £2,000 a year at the age of 30. And it showed, I can tell you. As a low flyer, I was occasionally unable to avoid such enquiries as they swooped down from the sky. They usually found some way to apprise you of the opulence of their superiority within two minutes of first meeting.

The question that Mr. Brown poses is what salary must someone be earning at the age of 30 nowadays to qualify for the title of high flyer?

Since 1963 the retail price index has increased 4.6 times, he says, "indicating an equivalent 1980 purchasing power

of £9,200, and the index of average national wage rates has risen 5.5 times—resulting in an approximate salary of £11,000 being necessary to maintain the statistical earnings differential."

But the evidence of the Reward survey and others persuades him that neither of those figures is big enough to denote a company worker who truly deserves the name of high flyer today.

Modern, corporate 30-year-olds who merit the title, Peter Brown believes, are "earning £12,000 or close to it, and almost certainly enjoy the benefit of a stylish company car."

But he suspects that, in return, they will be flapping around on company business for 80 hours a week.

Perhaps he should now find out what proportion of such creatures still deserve the title at the age of 40. I suspect that, in the interim, a good many just fly round in diminishing circles until they disappear.

## Publishing

SINCE the lower age limit for today's first job is 27, it constitutes a chance for someone to fulfil Mr. Brown's criterion. The post is for a director of editorial services, and is offered by Jane Rose, of Gold Helm Executive Appointments, on behalf of a client whom she

may not name. So—like the other recruitment consultants to be mentioned later—she promises to abide by any applicant's request not to be identified to the employer until specific permission is given.

Based in the West of England, the company employs about 35 people in providing a specialised information service to subscribers. "Since about 97 per cent of the people who take out subscriptions keep them up, I'd say the business was very successful," says Ms. Rose. "But the chairman clearly won't be satisfied with anything less than 105 per cent."

The newcomer will report to the said chairman (who is also the founder), and have charge of about ten staff. Some of these provide library and research services to the company in general. But the recruit's main responsibility is the profitable running and expansion of publications including weekly and fortnightly newsletters, and brochures and pamphlets.

Copious experience of the production side of journalism or other facets of publishing subject to tight and tense deadlines is plainly required. But candidates will not fill the bill unless they have managed the business side of a publishing operation, with particular emphasis on financial control and

marketing. An informed interest in things mechanical, especially cars, is also desired.

Since it would be rare for someone under 30 to have the required experience, the company would equally welcome candidates who are older. The salary will be up to £15,000 or thereabouts; other benefits are negotiable.

Inquiries to Jane Rose at 26 Queen Square, Bath BA1 2HX; telephone 0225 330311.

## Bulk order

LASTLY—before the Jobs Column takes a break until April 15—to a bulk order from the Grosvenor Stewart recruitment consultancy.

The opening opening, so to speak, is for someone aged 30 to 35 with a recognised accountancy qualification and demonstrably successful subsequent experience of financial management in a big international concern. The job in question is with a world-wide group in the security business and carries responsibility for the financial control of the several subsidiaries in Europe. There will be frequent visits to these from the base in Paris.

Candidates should have fluent French and English, preferably plus knowledge of German, as well as a record showing ability to take top-level charge of finan-

cial operations ranging from internal audit to negotiation with major banks.

The salary indicator is 200,000 French francs (about £20,888 at current exchange rates); other benefits are for discussion. Inquiries about this post to Stuart Adamson at Hamilton House, 15 Tilehouse Street, Hitchin, Herts; telephone 0462 55303, telex 25102 Chacom G.

Meanwhile, in another office at the same address Mr. Adamson's fellow director, John Fulford, is rubbing his chin thoughtfully over his need to fill two jobs.

One is for a managing director, based in the United Kingdom, but exercising worldwide responsibility for a medical equipment group. Candidates should already be of at least general manager rank in a health-care business and preferably have first-hand knowledge of marketing, financial management and production. Age could be anywhere between 35 and 50. The salary indicator is £30,000-£25,000.

The other need is for a sales and marketing manager. It will lead the international development of a company providing distinctly expensive leisure and marine services. Candidates require success in sales management of a service-industry business such as a travel or insurance concern. An experi-

enced sailor would have an advantage. Salary indicator roughly £10,000; bonus and prospect of equity share. Age not specified.

From yet another office at Grosvenor Stewart's Hitchin headquarters, Dr. John Padbury is looking for a general sales manager to work in southern England for the subsidiary of an international group concerned with electronic equipment for medical use. Responsibility covers other countries as well as the UK, so candidates should have experience of international sales, preferably in the same or an associated field. Salary £12,000-£15,000.

If, on the other hand, you would prefer to be a senior sales manager with the British subsidiary of a European concern making and marketing decorative laminates and the like, you will need to inquire at one of Grosvenor Stewart's other addresses. It is Norfolk House, 187, High Street, Guildford, Surrey; tel. 0463 70666.

There Roger Bryant is waiting to hear from people interested in the post who can demonstrate success in sales activity in building supplies, kitchen furnishings, and so on. The main task is to build up the group's British business from its present modest size. Salary around £15,000; plus "impressive" bonus and car.

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(Designate)

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Our client, Fletcher King, Surveyors, Auctioneers and Estate Agents, wish to appoint a Partnership Secretary to carry out the accounting function of the partnership and managed estates. The successful candidate, who will report to the Senior Partner, will be expected to:

- \* prepare monthly accounts
- \* draw up and monitor budgets
- \* manage the collection of quarterly rents.

The position is likely to appeal to a qualified accountant, man or woman, who enjoys getting involved in routine accounting as well as broader aspects of financial control. Age is not important, but candidates should be able to demonstrate experience in a position of trust with responsibility for managing money.

Starting salary is negotiable c. £10,000 and fringe benefits could include a company car. Please write or telephone for a job specification and application form, quoting ref. 1284.

Arne Knell,  
Bridger Hamlyn Fry & Co.,  
Management Consultants,  
227/228 Strand,  
London WC2R 1BZ.  
Tel: 01-353 5171

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## FINANCIAL ANALYST

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CANDIDATES should be qualified accountants, business graduates, or first-degree graduates with relevant experience. An interest beyond merely the financial aspects of business is considered essential.

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London WC2A 1EG Tel: 01-242 5775

## Corporate Finance Analyst

Charter Consolidated Limited, an international Group engaged in the development of mining and industrial interests, has a vacancy in its Finance Division for a Corporate Finance Analyst to be located in their London Head Office. The scope of the work is wide-ranging, but primarily consists of examining in depth and advising Head Office divisions and Group companies on corporate finance matters regarding existing investments, new projects and acquisitions in mining and numerous fields of industry. The appointment involves challenging and creative work where conceptual thinking, sound judgement, a well developed understanding of investment as well as an eye for detail are essential qualities. The post will lead to opportunities in general management for the right candidate.

Applicants, male or female, in the 25 - 30 age group should have either accounting or business qualifications or be financially orientated lawyers. Some experience of corporate finance work with a merchant bank or stockbroker or similar experience gained with a large firm of professional accountants, management consultants or in industry will be required.

The salary will reflect the high personal qualities required. Attractive conditions of service include a generous mortgage interest subsidy scheme.

Applications, which will be treated in confidence, to: The Personnel Manager, Charter Consolidated Services Limited, 40 Holborn Viaduct, London, EC1.

CHARTER

## Chief Accountant

Around 30

c. £10,000 + car

This young company is British owned and specialises in direct sales in the UK, where it has a turnover of more than £10 million encompassing responsibility for more than a thousand people. Poised for substantial expansion into export markets, it now requires a dynamic Chief Accountant.

Reporting to the Company Secretary and working closely with the MD, he or she will be expected to contribute to running the business as well as having the responsibility for management and financial accounting functions. Career prospects are outstanding. A chartered accountant, aged ideally in your early 30s, you must have first-class industrial or

commercial experience and highly developed general management skills. A negotiable salary, subject to frequent review, car and other benefits (including, if necessary, relocation) are provided. Location: South London.

Ref: AA63 7282.FT

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

## PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

PA Personnel Services Ltd

## FINANCIAL CONTROLLER

London WC1

to £11,000 + car

The Financial Controller will supervise a small staff and be responsible for finance, accounting, management information and control. He or she will have an active role in the management team and examine and develop the manual systems, perhaps introducing computerisation. A range of administrative responsibilities will add breadth to the position.

Our client is a long established and highly regarded Housing Trust. Although non-profit making, the organisation is managed commercially with an emphasis on cost control. Applicants, aged 27-35, should be qualified accountants ideally with systems development and commercial experience. Please telephone or write to David Hogg FCA quoting reference 1/1956.

EMA Management Personnel Ltd.  
Burne House, 88/89 High Holborn, London, WC1V 6LR  
Telephone: 01-242 7773

## Young Accountants Merchant Banking

City

£8,500 plus

We are currently offering opportunities for recently qualified accountants to gain valuable career experience in one of the City's leading Merchant Banks.

The successful candidates will initially be involved in reviewing and reporting on the Group's varied activities which include Banking, Corporate and Project Finance, Investment Management, Unit and Investment Trusts, Leasing and Life Assurance. Positive achievement within this function provides opportunities for transfer into other areas of the bank.

Conditions of employment are excellent and include four weeks' holiday, non-contributory pension scheme, free luncheon facilities, free private health insurance plus a mortgage subsidy scheme.

Applications in writing, with full curriculum vitae, should be made in the first instance to:

Box No. A7057,  
Financial Times,  
20 Cannon Street, EC4A 3DF.

## WEST GERMANY

## A NEW CHALLENGE

Surveyors Consultancy Services (Ian L. Brown) have been retained to recruit a Chartered Surveyor (general practice) for a progressive and highly responsible appointment in Western Germany.

Applicants should be German speaking, be prepared to reside in the country and have experience of commercial property development, investment and valuation. Outstanding prospects available after reasonable probationary period. Removal and relocation costs will be arranged.

Annual remuneration in range of £20,000-£30,000 plus usual additional benefits including provision of car.

Application, in strict confidence, giving FULL details of age, education and experience to:

Ian L. Brown, FBIM  
SURVEYORS CONSULTANCY SERVICES  
109 Kingsway, London WC2B 6PP

## European Financial Controller

Paris

FFr. 200,000 p.a.

- ◆ Our client is an expanding multi-national company engaged in electronic security systems. Their requirement is now for a Financial Controller to head up the European Controllership function based at the headquarters in Paris.
- ◆ Candidates must be fully qualified accountants, probably aged between 30-35, who have had a sound financial training with a major auditing practice followed by relevant experience in commerce, ideally in a multi-national environment in Europe. A command of French and German would be other important advantages.
- ◆ The position has considerable long term career potential as the company is at a significant stage in its development and is poised to exploit the expanding European market.

Please write or contact S.W.J. Adamson FCA, Grosvenor Stewart Limited, Hamilton House, 15 Tilehouse Street, Hitchin, Herts. Tel: Hitchin (0462) 55303. (24 hour answering).

GS

GROSVENOR STEWART  
Executive Search and Selection

## MERCHANT BANKING

B. Metzler seel. Sohn &amp; Co.

International Investment Adviser

We are seeking a senior Investment Adviser for international institutional investment clients.

Applicants must have extensive experience of investment advisory work, investment management, and of analysis; a sound knowledge of international capital markets is essential; and familiarity with institutional investors is desirable.

This is a challenging position which offers every possibility of further advancement. The remuneration will reflect the experience and seniority of the person appointed.

Applications, enclosing curriculum vitae, should be sent to:  
Mr. Karl-August Schmidt, Personnel Department  
B. Metzler seel. Sohn & Co.  
Neue Mainzer Strasse 40-42, D 6000 Frankfurt / Main 1, West Germany

## Investment Analysis

### Financial Institution

### Edinburgh

This leading financial institution with a wide spread of investments is to appoint a high calibre individual to have responsibility for overseas markets, in particular the United States. The person appointed will be responsible for all share and market analysis in the overseas sectors and will be expected to recommend and implement policy changes in the international funds. Candidates, male or female, will be aged 30 or over and be graduates or have a professional business qualification. They will have at least five years' experience of

ordinary share analysis in United Kingdom and United States markets and should have played some role either directly or indirectly in fund management. In particular an in-depth knowledge of the United States markets is looked for. Personal qualities are important and the ability to bring forward new ideas together with a well developed sense of initiative. Salary is negotiable to an attractive level and other benefits include house purchase facilities and an attractive pension plan. (PA Personnel Services Ref: PF45/7281/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

### PA Personnel Services

Hobart House, 80 Manover Street, Edinburgh EH2 1EL Telephone: 031-225 4481. Telex: 72556



A member of PA International

## Financial Services Manager-Europe

Located in Geneva, Switzerland

Digital Equipment is a success story! We are the world's leading minicomputer manufacturer. Our European operations are located in 15 European countries with a total revenue of \$468 million and an average yearly growth of over 30% during the past 5 years. Our European Headquarters, which has been located in Geneva for 11 years. Our Finance and Administration department provides a vital support and we now need a Financial Services Manager-Europe.

In this new position you will be a member of the European Treasury organisation. You will focus on providing the analysis for developing European financial strategy, intercompany financing, asset management, and the impact of these on the corporate financial structure. Your responsibilities will also involve balance sheet projections and sensitivity analysis, assistance in the formulation of European-wide Treasury policies and procedures, and special projects.

You need a strong academic background with emphasis in international finance, investment evaluation and planning as well as a minimum of 3 years' experience with Corporate

Banking with the Finance/Treasury department of a multinational corporation, or with an international consulting firm.

We believe that this position offers excellent career opportunities as we continue to expand our activities across Europe. We are offering an attractive salary and fringe benefits are all that you would expect from a major international organisation.

Please write full details of your background and career to date to: Nigel Allen, Treasury Department, Digital Equipment Corporation International (Europe), 12 avenue des Morgins, Case Postale 510, 1213 Petit-Lancy, Geneva, Switzerland. Telephone: 010 4122933311, Ext. 2603. Please quote ref. 733.

**digital**

## GROUP FINANCIAL ACCOUNTING

£8,000-£11,000  
International Scope

A major British group with wide UK and overseas activities has an interesting vacancy for a well-qualified chartered accountant to join their head quarters staff.

Reporting at board level, work involves financial accounting for the UK and overseas subsidiary and associate companies. There will be detailed liaison with divisional financial directors and controllers to meet accounting timetables, discuss improvements to accounting procedures and achieve consistency in the measurement of profitability and the presentation of results throughout the group. Responsibilities will include the preparation of the group summary financial accounts on a monthly basis, and for consolidating results, forecasts, budgets and review submissions.

This position could be structured for candidates either: a) aged around 25 with two or three years' post-qualifying experience with a major audit firm in the area of consolidations, or with some industrial/commercial experience and now seeking a broader base. Salary: c. £8,000, or b) aged up to 30 with substantial experience including international consolidations and financial accounting who are seeking career development opportunities. After two or three years this would enable a move to a more senior head quarters position or a line controllership in an operating division. Salary c. £11,000.

All candidates should be well educated, ideally with a degree, and be able to display an imaginative accounting approach combined with the temperament to handle a certain amount of regular routine work. Technical expertise in financial accounting, particularly of consolidation work, is as important as the ability to maintain and develop relationships at senior level with corporate and divisional colleagues. The skill to analyse, summarise and present reviews verbally and in writing, is necessary as is the detailed understanding of real information underlying basic data.

Previous entrants in the financial area of this group have found the work stimulating, demanding and very worthwhile and have been able to take advantage of promotion and development opportunities as they arose. The usual benefits are offered, including relocation to a pleasant Southern Home Counties town.

Candidates, male or female, should send a detailed career history to Giles Foy who is advising on this appointment, quoting reference C31/FT

**JWT Recruitment Ltd**  
Executive Recruitment & Selection  
40 Berkeley Square London W1X 6AD. 01-629 9496

## Young Qualified Accountant

London based up to £12,000+Car

Our client, a leading American Corporation with subsidiaries in the UK, France and Germany seeks a young, qualified accountant who wishes to follow a career in a company committed to internal promotion amongst long serving staff.

Primarily concerned with the manufacture of motor vehicle components, the Corporation finds its future financial managers from the internal audit function, where a broad knowledge of the business is obtained, enabling promotion to a line position to follow.

Following induction training at the parent HQ in the United States, the successful candidate will be based in London and will travel extensively in Europe on internal audit assignments, acquisition work and special projects. Qualified accountants, up to the age of 30, who are fluent in French can expect to be considered for promotion to line management within a period of two years and will find this a rewarding appointment in a progressive company.

Salary will be up to £12,000 p.a. dependent upon age and experience and a car and the usual benefits are provided.

Candidates should write in confidence for a personal history form quoting reference MCS/3825 to Ken Johnson, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

**Price Waterhouse Associates**

## HAS THE BUDGET GOT YOU DOWN?

WE NEED:

Insurance Co. Accountants £10/£12,000 per annum  
City L1445, L4827, etc.  
Accountant c. £8,000 per annum  
Birmingham L1352  
Credit Analysts £7/£9,000 per annum  
City Banks L1441, L1427, etc.  
Newly Qualified Accountants c. £8,000 per annum  
City based L1452, L1458, etc.  
Let us help you increase your potential. For a confidential discussion, call: Christopher D. Stock, FICB, Banking and Accountancy Personnel Selection, 01-481 8111.



## MANAGEMENT CONSULTANTS

Five Figure Salary, plus  
International Compensation Package

SRI International (formerly known as the Stanford Research Institute) wishes to appoint several additional members to its European staff. SRI is a unique, independent, not-for-profit organisation performing research and consulting for clients in government and business. Worldwide it employs 3,500 people. Successful applicants will have a challenging career opportunity in a broad range of assignments throughout Europe. These will include advising top management on computer management and strategy, assessing new technology and applications and recommending solutions to existing operational problems.

Candidates should have the following background:

- Graduate or Qualified Accountant
- Substantial EDP experience in either Banking/Finance or Manufacturing
- Good communication and analytic skills
- Demonstrable ability to interface effectively at all organisational levels
- In-depth knowledge of current computer systems and technology
- Fluency in English and at least one other European language
- Line Management Experience

Please send a comprehensive CV and salary history to:  
Mrs. Kay Stephenson  
SRI International, NLA Tower  
12/16 Addiscombe Road Croydon CR0 0XT

**SRI International**

## EQUITY PARTNERSHIP

A prominent London firm of solicitors is seeking a Litigation Partner, capable of making a major contribution to the management and development of a substantial Department, as well as handling commercial litigation at the highest level. The successful applicant will probably be between the ages of 40 and 50. The partnership is expected to yield an income of not less than £30,000 per annum.

Please apply to: Reference 35/DR,  
Moore Stephens International Ltd,  
St Paul's House  
Warwick Lane  
London EC4A 4BN  
Naming any company to whom you do not wish to apply.

هكذا من العمل

## ABU DHABI INVESTMENT AUTHORITY

The Abu Dhabi Investment Authority has the following vacancies in its Bond and Equity Department.

### FUND MANAGER (NORTH AMERICAN SECTION)

The Fund Manager should be over 30 years old and should have obtained a professional qualification. He must have had at least five years practical experience in analysing securities and experience in managing a balanced portfolio composed of either North American securities and/or international ones. Emphasis should be on strategic analysis and planning. Ref. 1035/FT

### INVESTMENT ANALYSTS (THE FAR EASTERN AND EUROPEAN SECTIONS)

Candidates should have obtained a professional qualification and must have had at least three years practical experience in analysing equities internationally or in any of the two mentioned areas. Ref. 1036/FT

### SYSTEMS ANALYST/PROGRAMMER

The candidate should have gained a degree or H.N.D. with some computing content or possibly substantial practical experience. He should be fully conversant in programming in the BASIC language. He should be under 28 years of age and have gained experience in an accounting or research function which involved the use of programming and mini-computers. Ideally he would have been involved in investment accounting and/or investment research department. Ref. 1037/FT

Candidates must be prepared to live in Abu Dhabi. The contract will be for a minimum of two years, renewable thereafter. Salary will be free of tax in Abu Dhabi. Free accommodation, transport and medical facilities will be provided.

Please write or telephone for an application form, quoting the particular reference number, to W. L. Tait.

*Touche Ross & Co., Management Consultants*

Hill House, 1 Little New Street, London EC4A 3TR  
Tel: 01-353 8011 ext. 3185

## Taxation Manager

£8,714-£10,894\*

The Post Office is seeking a Taxation Manager to take charge of all matters relating to its taxation liabilities. The immediate need is to determine the taxation implications arising from the Government's decision that the Post Office should be divided into two separate Corporations responsible for (i) Postal and National Girobank services and (ii) Telecommunications. Thereafter there will be a continuing need for taxation advice to the Postal/Girobank Corporation, which will continue to be known as The Post Office.

The post, which is open to both men and women, will be based in the Postal Headquarters unit in Chesterfield, Derbyshire. The job holder will be responsible to the Accounts Head of Section, and will initially be required to examine existing taxation legislation and case law in its application to the reorganised Post Office and to establish how they will be applied after Reorganisation. In particular, he/she must determine, in conjunction with the Inland Revenue and Customs and Excise Departments —

- the form and manner of tax computations for Posts and National Girobank and The Post Office as a whole, and the records which will be required to support these calculations;
- the treatment of VAT;
- The extent of allowable current account expenditure, including the treatment of interest on loan finance and income tax on interest payments;
- the computation of taxable profits for National Girobank;
- capital allowances.

The job holder will also be required, on a continuing basis, to assist the management of the Post Office Corporation by —

- advising on the taxation consequences of financial decisions (including investment strategy);

- forecasting taxation liabilities within the Post Office;
- advising on the impact of proposed and new taxation legislation and case law, and representing the Corporation's views as necessary;
- taking responsibility for the annual corporation tax computations and agreeing them with the Inland Revenue Department;
- advising on the treatment of taxation liability as between the two businesses of the Corporation;
- co-ordinating Schedule E matters and dealing with associated problems relating to expenses and benefits in kind;
- liaising with other departments in the Corporation on the interaction between development land tax and other corporation tax matters.

### QUALIFICATIONS

Candidates must possess a detailed and up-to-date knowledge of taxation legislation and case law, and be able to demonstrate their ability to manage a taxation unit and to negotiate with the various UK tax authorities. The successful applicant will have had several years experience of the practical application of taxation law to corporate businesses. Previous experience of setting up/reorganising the taxation function in such a business would be valuable.

The starting salary will be within the range quoted. There is a generous leave allowance and contributory pension scheme. Applications forms from PP1.1.2 (Mrs. J. Sutton), Room 329, Postal Headquarters St. Martin's-le-Grand, LONDON EC1A 1HQ. (Tel: 01-432 4732). Applications must be received within 4 weeks from the date of this advertisement.

\*New salary scales, with effect from 1.4.80, are currently being negotiated.

**The Post Office**  
Postal Headquarters

## Financial Controller

£17,700

Saudi Arabia

For a company of an established international group engaged in transportation, construction, and allied activities, and now in a phase of continued planned expansion. A qualified Accountant is required whose responsibilities will include the accounting function, financial aspects of contracts, dealing with banks, government departments, legal and administrative matters, and periodic reporting to Group H.Q. Benefits include excellent free accommodation, food, utilities, a car and generous leave. An open ended married or single status contract will be negotiated. Applications in confidence to Gerald Brown (Ref. 6493).



**Mervyn Hughes Group**  
2/3 Cursitor Street, London EC4A 1NE  
Management Recruitment Consultants

01-404 5801

## Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

A few of our more urgent current assignments:-

CORPORATE BANKING.....	£15-25,000
INTERNATIONAL LENDING Senior Officer (new bank).....	c.£14,000
MANAGER, COMMERCIAL BANKING (ex clearing bank).....	c.£14,000
CREDIT ANALYST-senior.....	£10,000
BUSINESS DEVELOPMENT: Manager's Assistant.....	to £9,000
LOAN ADMINISTRATOR-senior.....	c.£8,500
CHIEF F.X. DEALER.....	c.£14,000
SENIOR F.X. DEALER.....	£10,000+
CHIEF ACCOUNTANT.....	£14,000
COMPANY SECRETARY.....	£13,000
ACCOUNTS (int'l bank experience).....	£8-8,000
INTERNAL AUDIT MANAGER.....	c.£12,000
INSTITUTIONAL BOND SALES (Paris).....	£15,000
INSTITUTIONAL SALES (EQUITIES).....	£20,000
BOND ADVISER.....	c.£10,000
BOND SETTLEMENTS.....	c.£5,500

For further details of these and other opportunities, please contact Ken Anderson or Richard Meredith.

First floor-entrance New Street  
170 Bishopsgate London EC2M 4JL 01-623 1266

## Manager Business Accounting

### Buckinghamshire

c. £12,000

Our client, a subsidiary of a large international group, has a turnover in excess of £27 million and employs 500. Market position, technical proficiency and financial strength are well founded.

Responsibility involves managing a team of qualified accountants and other staff, developing and introducing accounting systems and ensuring financial information and controls are readily and meaningfully available to other senior members of

management. In this key position you will be an innovator and participate in other business developments. Size, challenge and opportunity abound in what is a highly competitive and stimulating environment.

Candidates, male or female, preferably with a degree and an accounting qualification should have a record of proven managerial success in a commercial environment and the necessary personal qualities to work with senior colleagues.

Please write in complete confidence, enclosing a suitably detailed curriculum vitae to:  
**ANTHONY NEVILLE INTERNATIONAL**  
London Dubai Singapore Tokyo Los Angeles  
Ash House, Churt, Farnham, Surrey, GU10 2NU.  
Headley Down (0428) 712313/714493.

## Management Accounting

S. London c. £12,500 + car

A first class British retail distributive group with a ten figure turnover and excellent growth record seeks an Assistant Chief Accountant. This post carries responsibility for the provision of financial and management accounting information and associated reporting, including the preparation of periodic management accounts, statutory accounts, fixed asset control and cash management, with EDP support.

Candidates should be qualified accountants with at least five years relevant experience of a large and sophisticated industrial or commercial reporting and control function. The personality and capacity appropriate to main board contact are essential. For a fuller job description write in confidence to A. R. D. MacDonnell, at 78 Wignmore Street, London W1H 9DQ, showing clearly how you meet these requirements, quoting 5016/FT. Both men and women may apply.

**John Courtis  
..and Partners..**

## Chief Internal Auditor

*Riyadh, Saudi Arabia*

A Saudi Arabian Government agency specialising in financing industrial and electrical utility projects within the Kingdom seeks to fill this new position, reporting to the Director General, created as a result of the increasing sophistication of accounting, financial, management and control systems.

Candidates, with a CA or CPA qualification from the UK, USA or Canada, must have at least five years' post qualification experience either with an international firm of accountants or as a manager of internal audit for a substantial, financially related organisation. He should be well versed in computer audit, and will be expected to establish an effective on-the-job training programme for junior staff. Previous overseas experience, particularly in the Middle East, would be an advantage. Competence, initiative and maturity are essential personal characteristics.

2-year contract - renewal based on performance - attractive base salary (indicator £15,000 to £18,000) • performance and end of contract bonuses • furnished accommodation • generous leave arrangements • education assistance • leased car • excellent recreation facilities.

Please telephone (01-629 1844 at any time) or write - in confidence - in the first instance for a personal history form. B. G. Woodrow ref. B.1617.

**MSL middle east**

Management Selection Limited  
International Management Consultants  
17 Stratton Street London W1X 6DB

## GROUP CHIEF ACCOUNTANT

Central London

c. £13,000 + car + benefits

Our client, a major U.K. based quoted company with substantial international interests, is concerned with trading, metal-processing and numerous related industrial activities.

Reporting to the Group Financial Controller, the successful candidate will control the preparation of the complex Group consolidation in conformity with Institute and statutory requirements. Other responsibilities will include the preparation of detailed monthly results and annual budgets. There will be direct contact with and some travel to operating subsidiaries.

Candidates, aged 28-33, will be chartered accountants who have experience with a major practice. A subsequent period at the centre of an international group operation is considered preferable and it is essential that candidates possess advanced technical expertise. Personal presence and the ability to work in a challenging corporate environment are important.

The salary for this appointment is negotiable around the figure indicated.

For further information and a personal history form, please contact Nigel V. Smith A.C.A. or Liam Fitzpatrick A.C.M.A., 410 Strand, London WC2R 0NS, tel: 01-836 9501, quoting reference no. 2824.

**DOUGLAS LLAMBIAS**

Douglas Llambias Associates Ltd.  
Accountancy and Management Recruitment Consultants



and at 26 West Nile Street, Glasgow G1 2PF (041-226 3101)  
3 Coates Place, Edinburgh EH3 7AA (031-225 7744)

APPOINTMENTS  
ADVERTISING  
Rate £19.50  
per single column cm.

## Financial Director

From £20,000 plus car

Later this year a public group will appoint a financial director to its board. Location Southern England.

Responsibility will be for the entire financial function. He or she should be a chartered accountant working as a director of an engineering or manufacturing subsidiary. However, others with a strong track record will be considered.

Applicants should be aged 35, or over, with a resilient and down to earth approach to financial

problem solving over the next few years of economic change.

Ideal candidates will be seeking a real challenge in their first major board appointment. A salary of about £20,000 is unlikely to be a limiting factor. A car and other benefits are provided. The removal expenses will be paid.

Please telephone or write, in confidence, for an application form quoting reference 1501.

**Roland Orr**  
Management Consultant

35 Piccadilly, London W1V 9PB. Telephone: 01-734 7282.

## Chief Accountant

c. £9,500 + Car

Surrey

An internationally successful company manufacturing and marketing a specialised range of fast-moving consumer goods, is looking for a young but mature Chief Accountant to join them at their Surrey headquarters.

Supported by a staff of 26 which includes financial, export and cost accountants, the Chief Accountant is responsible for the effective running of a Finance Department and for ensuring financial control is maintained through timely and accurate preparation of management reports and accounts within the agreed departmental budget. He/she will also be required to meet the reporting parameters of the parent company in both statutory and fiscal areas. Currently, the department is increasing its use of computer and micro-film applications to ensure a more efficient working environment.

Essentially, our client is looking for a man or woman around 30 years of age with good financial management accounting experience who has an entrepreneurial attitude to work and

the personality plus management ability to motivate a department working to tight deadlines. Previous manufacturing experience is desirable and, ideally, this should have been gained in a consumer goods environment.

As a key figure in the financial management operations of the company, the ability to relate to people at all levels and to communicate effectively with other managers in all disciplines, is of the utmost importance. The company is part of a major international group making this an exceptional career move for an ambitious young accountant looking for promotional prospects. A generous benefits package will be offered including BUPA and relocation expenses, where appropriate.

Please apply with personal and career details to Position No. AEC 227, Austin Knight Limited, 66a High Street, Egham, Surrey, TW20 9EX.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.



**Austin Knight Advertising**

## CHIEF ACCOUNTANT

CITY

c. £11,000 p.a.

A major firm of City Solicitors wishes to recruit a qualified accountant (A.C.A., A.C.C.A. or A.C.M.A.) to be responsible to the Head of Finance for the firm's accounts department and its staff of nine.

The successful candidate will be responsible for the day-to-day running of all operations of the department including DP, the preparation of monthly reports/management accounts and annual accounts and for assisting in the development of systems which are based on IBM computer hardware.

Candidates should be mature and experienced accountants, with an awareness of the particular concepts of partnership accounting. The salary is negotiable around £11,000 per annum plus pension scheme and other benefits, and the firm has excellent working conditions in modern offices.

Applicants, male or female, should write in complete confidence giving full details of previous experience and current salary to:

**WALTER JUDD LIMITED (Ref: L259)**  
(Incorporated Practitioners in Advertising),  
1a Bow Lane, London EC4M 9EJ

## U.S. Equity Sales

Dillon, Read & Co. Inc. has recently established an independent research group specialising in high technology companies and wishes to strengthen its equity sales team in London.

The individual we are seeking will have a proven record of selling high quality research and will be responsible for servicing institutional accounts in the U.K. and Europe.

Write to Herbert Oakes:

**Dillon, Read Overseas Corporation,**  
10 Chesterfield Street, London W1X 7HF

## BERMUDA

On behalf of our principals, we now wish to recruit the following personnel:-

### Financial Analyst

c. \$25,000 p.a. tax free  
Age: 25/35 flexible  
Insurance exp. ACA/ACCA  
Housing allowance  
Ref: 44790

### Accounts Executive

\$24,000 p.a. tax free  
Age: 25/32 flexible  
ACA, single, extrovert,  
computer exp. useful  
Ref: 44792

### Systems Analyst

\$30,000 p.a. tax free  
Age: 28/40 years  
Control of insurance  
accounting project team  
Reporting, etc.  
Ref: 44788

### Internal Auditor (ACA)

\$24,000 p.a. tax free  
Age: 25/32 years  
Prof. single insurance  
experience useful  
Ref: 44787

Please apply in strict confidence:



**TREVOR M. JAMES, M.E.C.I., or  
CHRISTOPHER D. STOCK**  
I.P.S. GROUP (AGY.) 01-481 8111

## GROUP ACCOUNTANT

LONDON

The Tioxide Group is one of the world's leading manufacturers of titanium dioxide with a turnover approaching £200 million per annum and employing 4,500 personnel in subsidiary companies in the U.K. and five overseas countries. The Group Headquarters of this international manufacturing and marketing organisation is located in London's West End.

We now require a Group Management Accountant reporting directly to the Group Financial Controller. The post demands a knowledge of international financial and management accounting and corporate taxation. Experience of budgetary control and the evaluation of capital investment projects is essential. To assist in the financial control of the Group, data processing methods are used extensively and a sound knowledge of computer applications for financial planning and project evaluation would be desirable. The Group Management Accountant would be expected to oversee input for control and planning purposes. Close liaison would have to be maintained with senior management across the Group and with business schools and other outside commercial and industrial sources.

Candidates must be qualified Accountants, probably in their early thirties, and have now achieved a five-figure salary. They should be energetic and free-thinking executives who have had at least five years' business experience, preferably with an organisation operating internationally.

The post commands an attractive salary, a non-contributory pension and life assurance scheme and other benefits associated with a large industrial group. Relocation expenses, etc. where necessary will be met by the Company.

Applicants, male or female, should write for further information quoting reference C109 on both letter and envelope, and giving brief details of age, qualifications and experience to: The Group Personnel Manager, Tioxide International Ltd., 10 Stratton Street, London, W1A 4XP.

**Tioxide**  
white pigments for industry

## Audit Manager

up to £10,000

Based at the Engineering Industry Training Board's offices at Watford  
**The Job** (1) to manage and develop the Internal Audit function covering the Board's extensive activities

(2) to make a positive contribution to the Board's effectiveness by achieving high standards of applied professionalism

(3) to examine and report on new systems and the implementation of new policies.

We seek a qualified Accountant with a sound professional background, including EDP audit experience, and the ability to achieve the co-operation of managerial colleagues.

A salary of up to £10,000 per annum is offered with good conditions including membership of a first class pension scheme.

Write or telephone for an application form to:

**Mr. E. T. G. Shuldham Senior Personnel Officer**  
Engineering Industry Training Board  
41 Clarendon Road, Watford WD1 1HS  
Tel: Watford 44322



## F.X. SETTLEMENTS

Age 28-40

c. £10,000

A prominent and rapidly expanding International Bank seeks to appoint a capable and ambitious Banker with extensive settlements experience to take charge of the complete back-up facility. A minimum of five years' exposure in this area is an essential prerequisite and the successful candidate will be capable of fulfilling an important managerial role within a bank having significant future expansion plans.

A wide range of benefits augments the basic salary, which is freely negotiable around the above figure.

For more details of the above positions and the many more we are currently handling, please telephone, in the strictest confidence, Mark Stevens, General Manager.

**BANKING PERSONNEL**  
41/42 London Wall-London EC2J 2TE Telephone: 01-588 0751  
(RECRUITMENT CONSULTANTS)



**CJA****RECRUITMENT CONSULTANTS**  
25 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3576  
Telex No. 887374**CJRA**Open to a prime mover—a challenging opening in a new field—  
with considerable autonomy and opportunity to implement new ideas**TECHNICAL PUBLIC RELATIONS OFFICER**

LONDON

£9,500 - £17,000 NET OF TAX

RECENTLY FORMED INTERNATIONAL COMMUNICATIONS ORGANISATION

This vacancy is open to candidates, aged 30-45, who have acquired at least seven years' practical journalistic experience (some of which will have been writing on technical subjects) and preferably they will have acquired knowledge in international communications and/or in maritime communications. Reporting to the Director General, responsibilities will cover all aspects of public relations, liaising with the technical press and media world-wide, preparing literature, writing articles, preparing speeches with the object of making all potential users in the shipping and offshore industries fully aware of the unique benefits provided by the organisation in better, clearer and faster modern maritime communications. Some overseas travel will be necessary. The successful candidate will be expected to make a significant contribution to the development of the organisation's activities world-wide, and assisting member organisations with their public relations on a national and regional basis. Initial salary negotiable, £9,500-£17,000, net of tax, plus contributory pension, family B.U.P.A., assistance with removal expenses if necessary. Applications in strict confidence under reference TPRO12115/FT, will be forwarded unopened to our Client, unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

A demanding appointment with opportunity for promotion within finance or general management

**CJRA****ASSET CONTROL MANAGER**

BERKSHIRE

£13,000 - 14,000 + CAR

RAPIDLY EXPANDING CONSUMER MANUFACTURING COMPANY NOTED FOR ITS  
MODERN MANAGEMENT METHODS T/O £100 MILLION+

Applications are invited from qualified accountants, possibly with an M.B.A., aged 27-32, with 4/5 years' post-qualification experience and a fast track record in profit-conscious and successful companies. The successful man or woman must have commercial acumen, be prepared to work in a challenging and pressurised environment and be capable of making a significant contribution to the company's success. Heading up a team of qualified accountants, your responsibility will be the management of all aspects of the company's balance sheet, including cash and asset control, investment appraisal, treasury and tax matters and budgetary control to tight deadlines. Initial salary negotiable, £13,000-£14,000 + car, contributory pension, free life assurance, assistance with removal expenses where necessary. Applications in strict confidence under reference ACM12174/FT, will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager.

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED  
35 NEW BROAD STREET, LONDON EC2M 1NH**Capital Investment  
Appraisal****Engineering Industry**

Substantial five figure salary+car

Our client, a major engineering group, has embarked on an extremely ambitious investment programme both in the UK and abroad. A key manager is now required to take staff and functional control of the investment appraisal departments.

Working at the corporate headquarters, the new manager will have functional control of investment departments located within operating divisions. Total staff responsibility will be for six high-level specialists plus, indirectly, twenty people within divisional departments.

We would like to discuss this key role with candidates who have experience of investment appraisal within the engineering

industry. (Banking experience is seen not to be relevant in this case). A wide generalist background would be helpful plus potential for further career progression. Candidates must be good communicators as the new manager will be dealing at Board level. We will wish to see evidence of high analytical ability plus managerial skill.

The position is located in Northern England. To apply, either send a curriculum vitae, or phone for an application form quoting reference 1A/G. At this stage all approaches will be treated in the strictest confidence. This position is open to both men and women.

**Cambridge Recruitment Consultants**

1a Rose Crescent, Cambridge CB2 3LL. Telephone: (0223) 311816

**Queen's Counsel**

M. Temple, M.A. (Oxon)  
51, 25 years' practice in Anglo-French system, fluent English and French, seeks post with international law firm or in legal department of firm in France, Switzerland, UK, Belgium.  
Write Box 68580, Financial Times  
10 Cannon Street, EC4A 3DF

**GROUP  
CHIEF  
ACCOUNTANT**

A major U.K. company, located in the North West, wishes to recruit a person of exceptional ability and with good experience as its Group Chief Accountant.

Candidates should be qualified accountants, aged between 35 and 45, and have had experience at a senior level in the accounting department of a major group. They should also have had experience in budgeting and in the monitoring of the performance of subsidiaries.

The remuneration and other benefits will be substantial and will not prove a bar to the recruitment of the selected candidate.

Please reply in the first instance to:—

WALTER JUDD LIMITED (Ref. L257),  
(Incorporated Practitioners in Advertising),  
1a Bow Lane, London EC4M 9EJ.

Indicating the names of any companies to which you do not wish your reply to be sent. If the list includes the company involved, your application will be destroyed.

**Credit and  
Marketing Officer****Africa Division — Major US Bank**

Our client, based in London, is the International Division of a major U.S. bank.

We are seeking a Graduate with at least five years' banking experience including recent experience in business development in Africa. Knowledge of Government lending, trade financing and negotiation of loan documentation is essential. Strong credit skills plus ability to make an articulate political and economic analysis will be required.

Candidates are likely to be aged 28-35, fluent in French and free to travel for about 25% of the year. Base salary is negotiable at about £12,000 plus normal fringe benefits.

Please send full details to:  
Tim Neame, Korn/Ferry International  
2/4 King Street, St. James's  
London SW1Y 6QL

**KORN/FERRY  
INTERNATIONAL****CHIEF ACCOUNTANT**

BERKSHIRE c. £10,500 Plus car

Our Client, a leading furniture manufacturing company, part of a U.K. group, wishes to appoint a Chief Accountant.

The Chief Accountant will be responsible to the Finance Director for all financial and management accounting within the company including the development of strong controls and involvement in the rationalisation of computer systems.

He/she should be a qualified accountant aged 28-35 with 3/5 years' experience of financial management within a manufacturing company.

Write or preferably telephone Peter Slip

**Personnel Placement Services Ltd.**  
14A Cross St Reading RG1 1SN Tel (0734) 595343**Corporate  
Cash Management  
International Banking**

Bank of America NT and SA, the world's largest international bank, is seeking an experienced professional to join a City-based project team responsible for designing and marketing international cash management services for major clients throughout the Bank's Europe, Middle East and Africa Division.

Applicants, graduates aged 25-35, must be experienced in the application of a broad range of cash management services, either as a representative of a major international bank, or as a member of a corporate treasury staff. A knowledge of languages would be an asset.

Excellent career opportunities exist in the Bank's international operations. Salary will be commensurate with qualifications and experience, and fringe benefits are in line with best international banking practice.

Write in strictest confidence with full personal, career and salary details to: A. J. Tucker, Recruitment Officer, Bank of America NT & SA, 25 Cannon Street, LONDON, EC4P 4HN.

**BANK OF AMERICA**

Oil

**E.D.P. Audit**

c£12,500

Our client, a major multi-national oil company, has an impressive record in growth and diversification. The company is committed to an extensive investment programme in the latest computer technology.

The successful candidate, likely to be a Chartered Accountant and between twenty-five and thirty-five, will lead a team of U.S. specialists and European D.P. staff. 30%-40% travel is envisaged. Four main computer centres together with smaller operating units will form the main area of concentration. There will be a growing role in participation at various stages of systems development.

In addition to the salary there is a comprehensive benefits package. A substantial career development programme is an important feature of this position which is designed to lead to a range of management opportunities.

Applicants, male or female, should apply in strictest confidence with career details to: Kevin Keating  
Gresham Executive Appointments, 6th Floor, Imperial Buildings, 56 Kingsway, London WC2B 6TJ.  
Telephone: 01-242 6251/4

**Gresham  
Executive Appointments****Corporate Controller**

Consumer goods

£15,000 + car

This rapidly growing UK subsidiary of an American company requires a qualified accountant who, in addition to first-class financial expertise, will provide a major contribution to the general management of the business. The wide range of high-quality personal and home care products are marketed in volume at low unit cost. The successful applicant will report to the Managing Director and be responsible for the financial, EDP and commercial administration departments. Expansion will demand skilful management of existing systems and the ability to plan, design and implement developments to meet forecast growth. Candidates, probably in their early 30s, must have a proven record of achievement in management, have worked with

computerised management information systems and ideally be familiar with American reporting requirements and treasury matters. Experience in high-volume distribution of consumer goods and a business qualification would be advantageous. The employment package includes a non-contributory pension scheme, BUPA and relocation assistance to Buckinghamshire.

Ref: AA56:7283/FT  
Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

**PA Personnel Services**

Hyde Park House, 111a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



A member of PA International

**ISTANBUL  
FINANCIAL CONTROLLER**

Aged 30-40

Can. \$40,000-\$50,000+Benefits

Our client is the subsidiary company of a major Canadian Group which is a world market leader in an advanced technological field. Worldwide turnover is approximately \$2,000m and the operations in Turkey yield nearly \$100m.

The Financial Controller will be responsible for all aspects of accounting and financial control and will also play a significant part in the commercial and general management of the company. Candidates should be qualified accountants, probably aged 30-40, with previous financial management experience in an industrial company. The appointment also demands the ability and maturity to perform successfully in an overseas subsidiary environment.

The position has traditionally led to promotion to a senior management appointment in North America.

For detailed information and an application form, please contact  
Tony Forsyth B.Sc. or Ronald Vaughan F.C.M.A., 410 Strand, London WC2R 0NS,  
tel: 01-336 9501, quoting reference 2819.

**DOUGLAS LLAMBIAS**

Douglas Llambias Associates Ltd.  
Accountancy and Management Recruitment Consultants  
and at 26 West Nile Street, Glasgow G1 2PF (041-225 3101)  
3 Coates Place, Edinburgh EH3 7AA (031-225 7244)

**Commercial Banking in the U.K.  
Business Development  
Executive**

Manchester based

£11,000

A major foreign commercial bank, with a long-established UK arm in London, is seeking to expand in the North of England from its branch office in Manchester and requires a Business Development Executive to spearhead this operation.

Candidates must have had a number of years' experience in commercial banking or a finance house and have a good working knowledge of lending to a broad spectrum of the business sector.

The successful candidate will be required to initiate business contacts and be capable of

conducting negotiations at all levels, presenting propositions in a formal manner to a Credit Committee.

This position calls for a person with a good understanding of the financial needs of business and it is unlikely that candidates below their late thirties will have the required maturity. Attractive fringe benefits are available including company pension scheme, free life cover, BUPA and a house mortgage subsidy.

All applications will be treated in strictest confidence and should be addressed to Box A7102, Financial Times, 10 Cannon Street, EC4P 4BY.

**FINANCE DIRECTOR  
AND CONTROLLER**

£13,000 + CAR

This job is a key new appointment to help a world leader in micro-based audio visual and lighting control systems move into higher gear after a solid record of profitable expansions.

An A.C.A., C.A. or A.C.M.A. with first-rate experience in management information systems and practical accounting with a view to profit will be asked to propose and implement a new D.P. system including stock and production control, as well as carrying full corporate responsibility under the M.D. for all the other functions of a group finance director.

You will join a small, highly competent team and make a unique contribution to the future of a most interesting British company with excellent financial backing and international involvement. (Current T/O approximately £6m.)

Please apply in writing to Ian Simpson, Managing Director, Electrosonic Limited, 815 Woolwich Road, London SE7 8LT.

**David Grove Associates**

Bank Executive Recruitment  
60 Cheapside, London EC2V 6AX  
Telephone 01-236 0640

**LENDING OFFICERS AND CREDIT ANALYSTS**

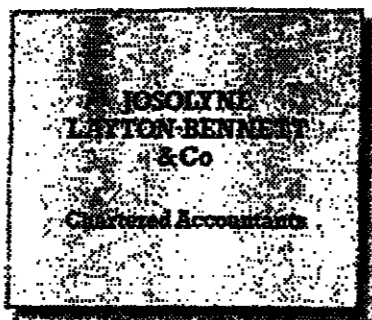
We are currently handling a number of attractive vacancies with progressive international banks, requiring 2-3 years' experience in an international environment. Language ability in any of the following would be useful: French, German, Spanish, Portuguese. Excellent remuneration packages are offered and prospects are very good.

**SENIOR LOAN ADMINISTRATION**

c. £9,000

This is a challenging position in a City-based consortium bank, requiring several years' involvement in the corporate loan administration field combined with some experience of management. This vacancy will suit a person keen to progress in the loan administration area and who is probably aged 30-35 years.

Please contact David Grove



### Our name will help you make yours.

Your success depends to a high degree on the reputation of the people you work with. What makes our name unique is the very personal way in which we work.

We recruit and train good people. We develop a personal enthusiasm for our clients' businesses. We maintain close personal contacts within our firm - so that our partners and managers can rely on the right

professional support from our specialist staff.

This is the tradition that Josolynne have built up over the years. If you have ambition and professional commitment, we will help you expand your experience and your career.

Contact Roy Ashwell, Metropolis House, 39/45 Tottenham Court Road, London W1P 0JL. Telephone: 01-636 7777.

We will help you expand your career.

Associated Firms Birmingham Bournemouth Bradford Bristol Boston Cambridge Centre Dublin Edinburgh Glasgow Greenway Jersey Leighway Leeds Luton Macclesfield Manchester Newcastle Oldham Southampton Telford and internationally

### Charles Barker Confidential Reply Service

Please send full career details and list separately companies to which we should not forward your reply. Write the reference number on this envelope and post to our London office, 30 Farmington Street, London EC4A 4EA.

## Tax Accountant

c. £9,000 p.a.

Our client is a major financial institution in the City seeking an ambitious young graduate who wishes to pursue a career in taxation.

It is intended that the successful applicant will gain wide ranging experience by assisting with the preparation of home and overseas returns for the group, administering the tax affairs of its varied subsidiaries and advising on the tax implications of future projects.

If you are around 23, well on the way to a relevant qualification and with good communicative skills you are strongly recommended to pursue your application for this rare opportunity.

A highly competitive remuneration package is negotiable dependent on experience and qualifications. Additional generous benefits include low cost mortgage and non-contributory pension schemes together with flexible working hours.

Please apply in confidence quoting reference 1827 on your envelope and listing separately companies to which you do not wish details to be sent.

## Investment Marketing UNIT FUNDS

Fidelity International Management Limited, the new UK subsidiary of the Fidelity Group of Boston, (the largest fund group in the US, managing over £3,500 million), require:

**Investment Advisory Manager** to supervise unit dealing and enquiry department and advise direct clients. Some marketing responsibilities also involved.

**Fund Sales Manager** to liaise with professional advisers in London, Channel Islands and overseas who are interested in Fidelity unit funds.

Experience for both positions must include several years investment experience, probably advising private

clients of a bank, stockbroker or insurance broker. Ideal candidates (men or women) are likely to be in the 30 to 49 age group and would have knowledge of unit funds and marketing. Generous salary, bonus and compensation package dependent on experience and proven ability.

This is a unique opportunity to join, at an early stage, our small, rapidly expanding team, who work hard and enjoy it.

Applications with full c.v. in strictest confidence to: Richard K. Timberlake, Managing Director, Fidelity International Management Limited, Buckingham House, 62/63 Queen Street, London EC4R 1AD.

Fidelity

## Controller Merchant Bank

Salary negotiable

Latin America

For an international merchant bank with world wide interests. This is a senior appointment as Head of a Division. Responsibility will be directly to the Deputy General Manager for the total accounting function, management information services, budgetary control and computer systems. Age is flexible, but relevant international banking experience in the controller function and the ability to adapt to the needs of a rapidly expanding organisation is essential. Knowledge of Spanish is advantageous but not mandatory. An initial three year contract (renewable) is envisaged. An attractive tax free remuneration package is negotiable in accordance with the best international practice.

Applications in strict confidence to Gerald Brown (Ref. 6492).



**Mervyn Hughes Group**  
2/3 Cursitor Street, London EC4A 1NE  
Management Recruitment Consultants

01-404 5801

Unequalled in its range of job opportunities



## Corporate Operations

We require for our small Corporate Headquarters at Weybridge Two Qualified Graduate Accountants who can respond to the pressures of being part of a rapidly expanding organisation, operating in an intensely competitive international market.

British Aerospace has a range of programmes covering civil and military aircraft, guided weapons and space systems, which is unequalled in the world. We employ over 70,000 and have a turnover of some £1,000 million. The vacancies are for:

**Chartered or Cost and Management Accountant** with previous industrial experience, probably aged 27 - 32. The successful applicant will join one of our multi-disciplined teams whose task is to review management information systems across all functions - production, marketing, finance. Exposure to senior management is considerable, and an enquiring and analytical approach to the work is essential. (Reference F1)

**Newly Qualified Chartered Accountant** aged 25 - 28, to assist in the preparation of internal and external financial reports, such as annual and half yearly accounts, financial reports for employees, long-term financial and strategic forecasts, management accounts, project assessments, etc. (Reference F2)

Both positions will appeal to those who recognise the value of corporate experience as providing an entrée to line management.

Salaries will be related to qualifications and experience. Conditions of employment and benefits are those you would expect to find in a large and progressive organisation. Applicants (male or female) should write in confidence, giving brief details of experience qualifications and present salary (quoting Ref. F1 or F2 as appropriate) to:

F. P. Rhodes, Corporate Adviser - Personnel, British Aerospace Headquarters, Brooklands Road, Weybridge, Surrey KT13 0SJ.



## GROUP ACCOUNTANT

Our client, a leading Merchant Bank is looking for a qualified Accountant with the expertise to handle the many changing financial aspects of the banking community.

The ideal candidate will have qualified with a major firm and would be thoroughly conversant with accounting procedures.

A knowledge of banking would be an advantage but not a necessity.

Reporting to an Executive Director, he/she should be able to work within a specialist team involved in Corporate Planning, Group Taxation and Consolidations.

Coupled with an excellent salary there is a house mortgage subsidy.

For further details please contact:  
DAVID CLARK, F.C.A., Consultant  
quoting 323

## David Clark Associates

4 New Bridge Street, London E.C.4

Telephone: 01 353 1867

A Badenoch & Clark Group Company

## INTERNATIONAL INTERNAL AUDITOR

c. £12,000 + car

Our client, a compact multi-national organisation with a high technology product line, has an outstanding record of profit and growth in Europe. This growth, however, has brought problems of business control and it has been decided to establish an internal audit function in the corporate headquarters to be responsible for the European operations with some reporting directly to the parent company in New York.

The successful candidate, male/female, must be a qualified Accountant with several years' experience with a major professional firm or within a successful commercial/manufacturing organisation. In addition, he/she should have had experience in auditing multi-nationals and be capable of setting up the internal audit function and ensuring that appropriate controls are developed and maintained in compliance with corporate policies. Proficiency in German is essential and knowledge of French and Italian would be helpful. All relocation expenses to the Hampshire South Coast will be paid.

Write, or preferably telephone, Peter Slip, Personnel Placement Services Ltd., 14a Cross Street, Reading, Berks. RG1 1SN. Tel: (0734) 585343 (24-hour answering service). Quoting Ref: 3114.



**Personnel Placement Services Ltd.**  
14a Cross St Reading RG1 1SN Tel (0734) 585343

## FOREIGN EXCHANGE DEALER

£10,000 neg.

The London Branch of an International Bank, largely engaged in commercial banking, is seeking a Foreign Exchange Dealer to join the profit centred dealing operation. Four to five years' experience is necessary in Spot, Forwards and Arbitrage transactions.

## LOCAL AUTHORITY AND INTERBANK DEALERS

Leading City Money Brokers are seeking L.A. and Interbank Dealers of varying experience to join fast expanding operations. Top salaries are envisaged to be negotiated individually.

## CREDIT OFFICER

£9,000

The London Branch of a Latin American Bank, with substantial commercial banking operations is developing a lending platform and require an experienced person, to be responsible for the syndications and marketing administration. Languages an advantage.

## SENIOR BANKING ACCOUNTANT

£8,000 plus

An expanding International Bank, moving to new premises, is seeking an Accountant to head up the running of the Department. International banking experience in reporting and control of accounts essential.

## JUNIOR DEALER

£neg a.s.e.

A bright young dealer is required by the new London Branch of an overseas bank to assist the Chief Dealer.



**LJC Banking Appointments**  
01-283 9953 - for an immediate appointment

## Financial Control

c. £14,500

A long-established profitable company in a process industry has a turnover in excess of £150m and plans to strengthen its financial control function. The initial appointment will be to the position of Chief Management Accountant and the prime task will be to develop further the accounting and information systems to enable management to control the business more effectively. He or she will direct 30 management accounting and costing personnel and will absorb additional duties related to corporate internal performance evaluation after a short period of time. Applicants will be FCMA or ACMA, aged between 32-42, and preferably having a further qualification in business studies. Broad experience at a senior level in

management accounting, planning and control, and in the development of computerised systems is required. A background in a multi national organisation with interests in the chemical or allied industries would be an advantage. Salary is negotiable around £14,500 and other benefits include company car. Location: Essex. Ref: AA3/7285/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

## PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



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## Ambitious Auditors For International Responsibility

Up to £10,000 plus mortgage benefits

As one of the world leaders in the diversified fields of travel, banking and financial services, the need for a highly sophisticated auditing function is essential. Our Auditors carry out operational and financial audits at offices, banks and accounting centres throughout Europe, Africa and the Middle East.

Due to promotion we are seeking four professionals, male or female, to join our Corporate Auditing team.

Aged between 25 and 35, you will be either a graduate with a good degree, a qualified accountant or an experienced banker and have at least 2 years financial, operational auditing or banking experience. The ability to write meaningful reports and communicate effectively at all levels is important and a knowledge of EDP Audits would be useful.

The jobs are based in London/Brighton with regular travel required in the Europe, Middle East and Africa area. A small number of positions are based in Hong Kong and require very extensive travel throughout the Asia-Pacific area. Candidates appointed for these positions would be relocated after an initial period of training. Salaries are progressive and the fringe benefit package attractive. Prospects for development are good.

Please write giving full details of career to date to: Mrs. Sheila Todd, Corporate Personnel, American Express International Banking Corporation, Prestamex House, Preston Road, Brighton, Sussex. Tel: Brighton 693555.



## CHIEF ACCOUNTANT

West Drayton, Middlesex

c. £11,000 + car

All Metal Services Limited is a young but established firm of metal stockbrokers in modern premises at West Drayton.

The Chief Accountant will report to the Directors and have responsibility for the complete accounting function, including the preparation of monthly management accounts. Manual systems are currently in use, but it is envisaged that a mini computer will be installed within the next year or two.

The post represents an interesting opportunity for an accountant with two/three years post qualification industrial experience, who will maintain and develop systems while contributing to top level decision making. Financial Director status is a possibility for the future.

Please send a comprehensive career résumé, including salary history, quoting reference 1038/FT, to M. Campbell,

Touche Ross & Co. Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR  
Tel: 01-353 8011

## Financial Manager

c. £12,500 p.a. + car

A London-based international shipping company requires an additional senior accountant. Applicants will be professionally qualified, probably over 30, with several years' commercial experience. They will be able to demonstrate clear evidence of their accounting skills in a demanding business environment.

Functionally responsible to the Financial Controller, he or she will be expected to make a positive contribution to planning, budgeting, forecasting,

management information systems development and project evaluation, in addition to controlling the day-to-day accounting for a specific area of responsibility.

Our client offers a range of attractive benefits, excellent prospects for further career development and assistance if necessary with relocation expenses.

Please send a full C.V. to Position Number AVF 7699, Austin Knight Limited, London W1A 1DS. Applications are forwarded direct to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

**Austin Knight Advertising**



## UK Equity Manager Airways Pension Scheme

The Headquarters of the Airways Pension Scheme, situated on the Great West Road, Hounslow, Middlesex, houses a team of 130 people, who, under the leadership of a group of highly professional executives handle the complete administration of the Scheme, whose total portfolio is valued at more than £600m.

The Scheme's General Manager now wishes to appoint a new UK Equity Manager who will have regular contact with the Stock Market, and with heads of industry and commerce in order to assess their organisations' potential profitability.

The successful applicant, male or female, will have a degree or professional qualification with emphasis on numeracy, backed by at least two years' experience in a comparable post.

Starting pay, currently under review, will be £8,600 in a scale rising to £10,900. Other benefits will include membership of the index-linked scheme and favourable holiday air travel opportunities.

Please write before 10 April giving full details of qualifications and experience to: Manager, Senior Staff Recruitment, British Airways, PO Box 10, Heathrow Airport - London, Hounslow TW6 2JA.



**British Airways**



# Career Opportunity in International Finance

## The Challenge:

The International Finance Corporation, the affiliate of the World Bank promoting the private sector in developing countries, is seeking highly qualified individuals willing to accept the challenging opportunities of a career in international development.

## The Task:

IFC Investment Officers identify and appraise proposed investments, negotiate and present proposals to the Board of Directors plus supervision of IFC investments, all within a multi-national and multi-disciplinary team.

## Requirements:

Candidates should possess a relevant degree and have at least five years' financial or industrial experience in lending, funding or equity investments with management implications, preferably in developing countries. Involves frequent travel to assigned countries. Command of English essential; fluency in French or Spanish a definite asset.

## Benefits:

Competitive benefits package including relocation expenses on appointment and provision to maintain cultural ties with home country. Please send resume in English quoting Ref. IFC-1080-01203 to: Ernest T. W. Fones, Senior Personnel Development Officer, International Finance Corporation, 1818 H Street, N.W., Room 1-9-169, Washington D.C. 20433, USA.



**INTERNATIONAL  
FINANCE  
CORPORATION**

**David Grove Associates**  
Bank Executive Recruitment  
60 Cheapside London EC2V 6AX  
Telephone 01-236 0640

## FINANCIAL SERVICES EXECUTIVE - PARIS

Our Client is a leading French Bank with an international network of branches and associates. This is a challenging opportunity in a developing area of the Bank's activities. The successful candidate will assist in the development of services covering, in particular, Anglo-French activities. Suitable candidates will be qualified accountants or lawyers who have gained knowledge of the alternative discipline. A knowledge of U.K. corporate law would be useful. Fluency in French is essential. Candidates should be between 30 and 35 years of age with a wide knowledge of the range of services available through U.K. Banks and other financial institutions. This assignment is intended to cover a period of up to 4 years after which readmission to the Bank's London office is envisaged. Salary is by negotiation but the overall package will be very attractive and reflect the importance our client attaches to the appointment.

## Senior Appointments

## INTERNATIONAL AUDITORS

Based SW1-Tax Savings £10,000-£13,000+

A multinational client offers first class travel and accommodation to most parts of the world (excluding Arabia) to carry out MANAGEMENT audits of weeks to months duration. Junior positions would require CA/ACA of single status. Other, more senior appointments, which offer an opportunity of promotion to FD may allow wives to accompany. 20's to late 30's. Degree plus languages an advantage. Reply in confidence to Ian Crichton or Mark Lockett

**ACCOUNTANCY PERSONNEL SENIOR APPOINTMENTS**  
41 London Wall, London EC2M 5TB - 01-588 5105

## COMMODITIES RESEARCH UNIT AND FOREX RESEARCH LTD.

## Financial Director and Administrator

The position is with a holding company running two subsidiary consulting organisations—one is Commodities Research Unit which is a fast-expanding firm of economic consultants with offices in London and New York, regularly advising governments and international companies worldwide on all aspects of the production, marketing and use of industrial metals and minerals—the other is Forex Research Ltd. which provides detailed economic analysis and foreign exchange forecasts to help international banking and company clients reach decisions on currency exposure, cash management, debt structures, pricing policy and budgeting. The successful applicant will be involved in the profitable running of the companies, be a business graduate, be commercially motivated, have the personal qualities necessary to negotiate successfully with staff, and be capable of helping to steer the company towards a public quotation. A degree or relevant professional qualification is required. Besides a salary well into five figures the person appointed will also receive fringe benefits.

Please send detailed application with c.v. in confidence to:  
The Chairman  
No. 26 Red Lion Square, London, W.C1

## ACCOUNTANT CITY BASED c£10,000

We are part of the world's leading group of companies marketing raw materials, metals and other commodities. Our own turnover is in excess of £500 million and due to continued expansion we now wish to strengthen our accounting team.

Reporting to the Chief Accountant the successful candidate will supervise a small staff and have overall responsibility for the daily maintenance of the bullion accounting system and reporting of monthly results to management.

Applicants should have had several years' accountancy experience and be used to computerised accounting techniques. Some previous background of commodity accounting or banking would be useful.

Write with full career details to:

The Company Secretary  
DERBY & CO. LTD.

Moor House, London Wall, London EC2Y 5JE

## JAMMAL TRUST BANK S.A.L.

13-14 Hanover Street, London W1R

## REQUIRE

## HEAD OF DOCUMENTARY CREDITS

Contact Mr. U.P.R. Rau

(Phone No. 01-493 3834)

or send brief curriculum vitae

## General Manager

LONDON £15,000 + CAR

We are a major Far East Group with a medium-size growing company in London engaged in trading activities between Europe and the Far East. We are seeking a dynamic chief executive for the company aged between 35-45 years to be based in London.

The successful candidate will need to demonstrate strong marketing and commercial achievement together with considerable personal ambition, drive and enthusiasm to lead a small team of staff through the company's present developmental phase. Specifically we are looking for a person with experience in trading and who has contacts with industrial equipment and materials suppliers and manufacturers, and would also have the capability to develop outlets in Europe for consumer and industrial products from the Far East. Previous working experience either with or in the Far East would be a definite advantage.

The remuneration package comprises a basic salary negotiable around £15,000 per annum plus a car, plus terminal bonus. The right candidate could earn in excess of £20,000 p.a.

Applicants should write in strict confidence, giving full details of previous experience and qualifications by 7th April, 1980, to Box A7100, Financial Times, 10 Cannon Street, EC4A 4BY.

## SENIOR EXECUTIVE NON-FERROUS METALS

We are seeking the services of a person to be based on Kirkby, Merseyside, with knowledge and experience in metal warehousing combined with an ability to commence and develop non-ferrous trading and stockholding.

This is a new appointment and the person selected will be expected to take full charge of the complex. Board membership is envisaged within one to two years.

An attractive salary, bonus, car and fringe benefits will be offered to the successful candidate.

Applications stating full details and salary required to:-

The Managing Director

Mr. J. L. Cognet

HENRY BATH & SON LIMITED

Market Buildings

Mincing Lane

London EC3R 7DA

01-626 1981

## DEALER/CLIENT LIAISON

Our client, a major Commodity House, seeks self-motivated person with a proven track record for their metals department. To speak German is a distinct advantage. Salary negotiable.

## RING CHANDOS CONSULTANTS

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## FX DEALING OPPORTUNITY IN FORWARD D-MARKS

Leading merchant bank wish to strengthen their comprehensive trading room by appointing an experienced senior FX Dealer to concentrate on a dollar D-mark book and build a reputation in the London market. Excellent conditions include car.

Replies to Box A.7105  
Financial Times  
10 Cannon Street, EC4A 4BY

## Q5 BANKING RECRUITMENT CONSULTANTS

Marketing Manager c £13,000  
Syndicated Loans Manager (with shipping exp.) c £12,000  
Junior FX Dealer (24-38) to £10,000  
Senior Loans Administration (3-4 years' exp.) to £9,000  
Please contact Mike Pope or Sheila Anketell-Jones  
01-236 0731  
30-31 Queen Street EC4

## CHARTERED ACCOUNTANT

required for a small but rapidly expanding business.  
Salary around £12,000 + Car  
plus excellent prospects  
Apply in writing giving details of past employment, etc. to  
HAROLD SUPPLIES  
2-7 Briarcliff Road,  
Thornton Heath, Surrey

## Companies and Markets

## CURRENCIES, MONEY and GOLD

## Pound steady

There was hardly any reaction at all to yesterday's UK budget in trading yesterday, with the market still influenced to a great extent by the performance of the dollar. Trading was thin for most of the day, and there was little intervention by central banks. Sterling's trade weighted index rose to 72.9 from 72.7, but mostly failed to reflect the pound's late decline as demand for the dollar increased. Against the dollar it opened at \$2.025 and reached a best level of \$2.020, before coming back to \$2.025 by noon. As U.S. centres entered the market on sterling, the dollar opened at \$2.025, and the pound's late decline as demand for the dollar increased. Against the dollar it opened at \$2.025 and reached a best level of \$2.020, before coming back to \$2.025 by noon. As U.S. centres entered the market on sterling, the dollar opened at \$2.025, and the pound's late decline as demand for the dollar increased. 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## Companies and Markets

## LONDON STOCK EXCHANGE

## Firm awaiting Budget hardly likely to excite equities but enough to extend recent upturn in Gilt-edged

Account Dealing Dates  
Options  
First Declara- Last Account  
Dealings tions Dealings Day  
Mar. 10 Mar. 20 Mar. 31 Mar. 31  
Mar. 10 Mar. 20 Mar. 31 Mar. 31  
Mar. 14 Apr. 10 Apr. 11 Apr. 21  
Apr. 14 Apr. 20 Apr. 21 Apr. 21  
Apr. 14 Apr. 20 Apr. 21 Apr. 21  
New time: deal- ings may take place from 9 a.m. two business days earlier.

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Apr. 14 Apr. 20 Apr. 21 Apr. 21  
New time: deal- ings may take place from 9 a.m. two business days earlier.

more in the later trade than maintain the enhanced levels in a negligible turnover.

Of the sectors, Oils bloomed again as investors became resigned to an increase in Petroleum Revenue Tax, duly confirmed later. British Petroleum led the advance, although numerous secondary issues featured including Siemens (UK), Ultramar and London Scottish and Marine Oil, the last named in response to Press conclusions on future prospects after Tuesday's preliminary statement.

Trading in most stock market sectors ceased at 3.30 pm and, owing to the length of the Chancellor's speech, was not resumed. Most of the Budget proposals were broadly in line with predictions and on first sight could benefit the investment of funds built up awaiting the Chancellor's measures.

Relief that a windfall profits tax had not been introduced showed in very late rises of about 5 pence more in already overvalued shares, but the overall rather static scene was captured by the FT 30-share index which, after registering a gain of 4.0 at 3 pm, hardened

only a shade further to close 4.8 up at 435.1 on prices taken after 5 pm.

An active business in Land Securities and BP, which recorded 256 and 159 deals respectively, was mainly responsible for contracts in Traded Options rising to 800—the highest total for almost two weeks.

Eagle Star pleases

Eagle Star stood out in insurance with a rise of 12 to 168p in response to the better-than-expected preliminary results. Other Composites rose in sympathy with Sun Alliance closing 10 better at 544p, Royals 8 dearer at 315p and Commercial Union 4 up at 130p. Among Life issues, Legal and General fell 6 to 154p on the disappointing results, while Prudential advanced 2 to 166p after 170p, for a similar reasons. Dealers were not making prices following the Budget announcement that tax relief on life assurance is to be reduced to 15 per cent.

Still buoyed by news that Marsh and McLennan's bid for C. T. Bowring is not to be referred to the Monopolies Commission, the latter's shares edged forward a penny to 106p. Already around 4 higher at the "House" close, the major clearing banks were marked up further after-hours on relief that a "windfall" profits tax is not to be imposed.

Midlands closed 9 better at 317p, while Lloyds, 288p, and NatWest, 316p, rose 8 apiece. Discounts moved up in sympathy with the firm tendency of gilt-edged securities. Firm ahead of the budget speech, Breweries moved higher following the excise duty increases which proved to be less than expected and the leaders closed with gains to 7. Whitehead, 143p, and Bass, 222p, both rose that amount while Allied picked up 3 to 79p. Wines and Spirits were also marked higher while Wythenshawe, 205p, and Highland, 126p, gained 7 and 6 respectively. Arthur Bell, interim results today, firmed 4 to 168p. Building descriptions recorded significant improvement in the Timber, Mallowood-Deans attracted fresh speculative support and added 1 1/2 to 62p, while International hardened a penny to 109p. Montague L. Meyer touched 113p before reverting to the overnight level of 111p. Elsewhere, Feb International A improved 2 to 33p, but Comben shed that much to a 1980 low of 27p.

Quietly steady during the House session, ICI closed 4 higher at 374p. Among other Chemicals, buying ahead of today's annual results lifted Coates Brothers 3 1/2 to 253p and the A like amount to 49p.

News that Dutch concern probably has increased its holding in the company to just over 9 per cent left Combined English Stores 3 harder at 36p; the annual results are expected next Monday. House of Fraser, results due today, firmed 4 to 138p. Other Store leaders also rallied to higher levels with British Home closing 4 better at 428p, as did GUS A, at 386p. Among secondary issues provision was apparent for Elys (Wimborne), 48p, and Bakers Henshold, 86p, up 3 and 4 respectively while demand in the private market lifted Lee Cowie 2 to 250p.

Electrical leaders trade on a steady to firm note, GEC, 363p, Plessey, 134p, and Thorn, 318p, all improving a few pence. BICC encountered support ahead of Wednesday's preliminary statement and put on 5 to 111p, but lower interim profits left AEG Electronic 4 cheaper at 142p. Further speculative demand cutted Midhead 12 to 200p, while Louis Newmark rallied 10 more to 330p.

With the exception of Hawker Siddeley, which improved 3 to 179p, the Engineering leaders ended the day with little alteration. Vickers closed 2 cheaper at 112p, after 115p, sentiment here not being helped by news of the redundancies and short-time working at its Newcastle subsidiary. Midland's share movements were mainly in response to company trading statements. Rotork were noteworthy at 56p, up 5, following satisfactory annual results. Comment on the interim figures left Spirax Sarco 2 firmer at 180p, while R. Cartwright responded to the increased dividend and profits with a rise of 3 to 81p.

Royal Worcester up

Leadline Foods were inclined firmer. Associated Dairies led a group of pence to 178p, while J. Sainsbury, at 256p, recovered 2 of the previous day's fall of 7 that followed publicity given to brokers' adverse circulars. Belem came in for support and added 3 to 62p, while Clifford's Dairies A responded to the excellent annual results with a gain of 8 to 84p. The smaller-than-expected increase in excise duty on beer and spirits prompted a late gain of 4 to 126p in Grand Metropolitan. Trusthouse Forte made steady progress and closed 5 dearer at 177p.

Secondary issues provided some scattered features among miscellaneous industrials. Demand ahead of next Wednesday's preliminary results prompted a rise of 8 to 250p in Royal Worcester, while leaders bid favourite Pauls and Whites attracted renewed speculative support and closed 6 to the good at 131p. John Baker rose 10 to 186p as did De La Rue, to 620p, while Sothebys gained 8 to 443p. BTR added 5 to 353p.

Howard Tensons, a couple of pence to 74p. Comment on the record profits and the capitalisation proposals prompted a further improvement of 3 to 195p in Stag Furniture but Bridon, at 71p, gave up 2 of the previous day's gains. The latter's share followed news of the company's sale of its interests in Haggie, its South African associate, to Anglo American Industrial Corporation and Union Corporation for 222p. The latter's shares traded quietly firm ahead of the Budget, but the increase in prescription charges caused late adjustments in Beecham and Glaxo, the former reacted from 119p to 120p, while Glaxo lost an improvement of 4 to close unaltered at 246p.

The sharp profits setback and gloomy statement prompted selling in Applique which fell to a 1980 low of 53p before rallying to close only 4 down on balance at 58p. Elsewhere in Motor Distributors, Western eased 2 to 98p in front of today's interim results, but Ford dealers Lyons and Lyons added that amount to 69p following the increased full-year profits and dividend. In Components, Automotive continued firm and advanced 6 more to 32p on the news transmission, while Dowty firmed 3 to 167p. Lucas held steady at 219p in front of today's interim statement.

Among Newspapers, United ran into profit-taking and, at 389p, lost the previous day's gain of 12 which followed the annual results and proposed scrip issue. Interest in Properties was confined to selected secondary issues. Fairview Estates firmed 11 to 243p, after 246p, on second thoughts about the interim results, but South Estates reverted to the overnight level of 119p, after 120p, following the preliminary statement. Buying ahead of today's half-yearly figures lifted Centrowind and Estates 5 to 125p, while Laking A added 3 to 146p on late support. Marlborough firmed 2 to 33p and Property and Reversionary a couple of pence to 145p as the

two companies emerged as the successful bidders for the 17 acre GKN/Rockwell site in Frimley, Surrey.

The Chancellor's announcement of an increase to 70 per cent in petroleum revenue tax was not unexpected and had no effect on Oils which held on to earlier upward improvements. Activity in after-hours' dealings was limited, but sentiment was helped by the absence of a "windfall profits" tax and a former trend is expected at today's opening. Among the leaders, BP finished 12 to the good at 350p, but Shell ended without alteration at 358p, after 342p. Secondary issues made a good showing, helped by a favourable response to the preliminary results from Lasso, up 12 at 452p. Press mention stimulated further demand for Siebens which advanced 20 to 250p, while Olyde were outstanding at 385p, up 26p. Gas and Oil Acreage, 365p, and Attack, 218p, rose 10 apiece.

Reflecting the firmer trend in equities generally, Trusts made a little progress. Atlantic Assets firmed 4 to 154p and gains of a few pence were marked against Great Northern Investment, 99p, and Romney, 80p.

Gold's lose ground  
South African Golds fell back from the second day running but, in common with other mining markets, business was at a low ebb. Shares followed the gold price lower, although some small London buying held declines in check. Bullion closed 33 down at 307.50 an ounce and the Gold Mines index lost 11.1 to 304.4. The South African budget was considered by the market to be generally neutral in its implications and had no effect on share prices. After trading devoid of much interest, V201 and West closed 14 down at 239p. Drab conditions extended to South African Financials, where De Beers dropped 7 to 405p. London Financials started steadily but then drifted off. There was no marked selling pressure, however. Selection Trust and Consolidated Gold Fields ended 8 lower at 66p and 48p respectively. Some early interest in buyback of shares was noted, but the price finished below the best at 369p for a net gain of 6.

The general business spread to 14.00 where Impala were 10 higher at 260p and Rustenburg slipped 5 to 215p in spite of the more than doubled interim dividend. Australians marked time. Prices were generally lower but

## FINANCIAL TIMES STOCK INDICES

	Mar. 26	Mar. 25	Mar. 24	Mar. 23	Mar. 22	Mar. 21	Mar. 20	Mar. 19	Mar. 18
Government Secs.	64.61	64.40	64.19	64.10	64.34	64.40	64.40	64.40	64.40
Fixed Interest	65.00	64.91	64.87	64.78	64.78	64.78	64.78	64.78	64.78
Industrial	435.1	434.2	432.9	432.9	432.9	432.9	432.9	432.9	432.9
Gold Mines	304.4	304.4	304.4	304.4	304.4	304.4	304.4	304.4	304.4
Ord. Div. Yield	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94
Earnings/Div. % (Full)	19.77	19.50	19.50	19.50	19.50	19.50	19.50	19.50	19.50
P/E Ratio (net)	13.17	13.17	13.17	13.17	13.17	13.17	13.17	13.17	13.17
Total bargains	21,678	21,194	19,838	19,838	19,838	19,838	19,838	19,838	19,838
Equity turnover £m	78.79	64.84	100.76	81.19	87.76	165.07	165.07	165.07	165.07
Equity bargains total	15,658	18,981	16,601	15,918	14,934	14,934	14,934	14,934	14,934

10 am 432.0, 11 am 434.8, Noon 434.2, 1 pm 434.3, 2 pm 434.4, 3 pm 434.3.

Latest index 01-246 8026.

\*NHS=5.51.

Beals 100 Govt. Secs. 15/10/78, Fixed Inc. 15/28, Industrial Div. 1/7/75, Gold Mines 12/9/75, SE Activity July-Dec. 1942.

## HIGHS AND LOWS

	1980	Since Completion	Mar. 26	Mar. 25
Govt. Secs.	64.61	64.40	127.4	127.4
Fixed Int.	65.00	64.91	127.4	127.4
Ind. Ord.	435.1	434.2	127.4	127.4
Gold Mines	304.4	304.4	127.4	127.4

falls were not as steep as on Wednesday and trading was subdued. Some selling pressure emerged in Sydney overnight and this was reflected in the London declines.

North Broken Hill were 10 easier at 144p, while other leaders like MIM, at 230p, and Bongaiva, at 180p, had losses of 5 or 6.

## NEW HIGHS AND LOWS FOR 1980

	1980	Since Completion	Mar. 26	Mar. 25
Govt. Secs.	64.61	64.40	127.4	127.4
Fixed Int.	65.00	64.91	127.4	127.4
Ind. Ord.	435.1	434.2	127.4	127.4
Gold Mines	304.4	304.4	127.4	127.4

## RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	30	10	10
Corpor. Bond	6	3	57
Foreign Bonds	6	3	57
Industrial	320	173	224
Mechanical and Equip.	170	45	224
Oil	25	5	18
Plantations	15	11	16
Tobacco	35	35	35
Others	33	60	36
Totals	653	312	1,435

## LONDON TRADED OPTIONS

	April			July			Oct.		
Option	Ex-rols	Closing	Vol.	Closing	Vol.	Closing	Vol.	Equity	
	price	offer		offer		offer		close	
BP	300	54	6	—	—	—	—	349p	
BP	325	28	—	—	—	—	—	—	
BP	350	20	—	—	—	—	—	—	
BP	375	9	—	—	—	—	—	—	
BP	400	4	—	—	—	—	—	—	
BP	425	1	—	—	—	—	—	—	
BP	450	—	—	—	—	—	—	—	
BP	475	—	—	—	—	—	—	—	
BP	500	—	—	—	—	—	—	—	
BP	525	—	—	—	—	—	—	—	
BP	550	—	—	—	—	—	—	—	
BP	575	—	—	—	—	—	—	—	
BP	600	—	—	—	—	—	—	—	
BP	625	—	—	—	—	—	—	—	
BP	650	—	—	—	—	—	—	—	
BP	675	—	—	—	—	—	—	—	
BP	700	—	—	—	—	—	—	—	
BP	725	—	—	—	—	—	—	—	
BP	750	—	—	—	—	—	—	—	
BP	775	—	—	—	—	—	—	—	
BP	800	—	—	—	—	—	—	—	
BP	825	—	—	—	—	—	—	—	
BP	850	—	—	—	—	—	—	—	
BP	875	—	—	—	—	—	—	—	
BP	900	—	—	—	—	—	—	—	
BP	925	—	—	—	—	—	—	—	
BP	950	—	—	—	—	—	—	—	
BP	975	—	—	—	—	—	—	—	
BP	1000	—	—	—	—	—	—	—	
BP	1025	—	—	—	—	—	—	—	
BP	1050	—	—	—	—	—	—	—	
BP	1075	—	—	—	—	—	—	—	
BP	1100	—	—	—	—	—	—	—	
BP	1125	—	—	—	—	—	—	—	
BP	1150	—	—	—	—	—	—	—	
BP	1175	—	—	—	—	—	—	—	
BP	1200	—	—	—	—	—	—	—	
BP	1225	—	—	—	—	—	—	—	
BP	1250	—	—	—	—	—	—	—	
BP	1275	—	—	—	—	—	—	—	
BP	1300	—	—	—	—	—	—	—	
BP	1325	—	—	—	—	—	—	—	
BP	1350	—	—	—	—	—	—	—	
BP	1375	—	—	—	—	—	—	—	
BP	1400	—	—	—	—	—	—	—	
BP	1425	—	—	—	—	—	—	—	
BP	1450	—	—	—	—	—	—	—	
BP	1475	—	—	—	—	—	—	—	
BP	1500	—	—	—	—	—	—	—	
BP	1525	—	—	—	—	—	—	—	
BP	1550	—	—	—	—	—	—	—	
BP	1575	—	—	—	—	—	—	—	
BP	1600	—	—	—	—	—	—	—	
BP	1625	—	—	—	—	—	—	—	
BP	1650	—	—	—	—	—	—	—	
BP	1675	—	—	—	—	—	—	—	
BP	1700	—	—	—	—	—	—	—	
BP	1725	—	—	—	—	—	—	—	
BP	1750	—	—	—	—	—	—	—	
BP	1775	—	—	—	—	—	—	—	
BP	1800	—	—	—	—	—	—	—	
BP	1825	—	—	—	—	—	—	—	
BP	1850	—	—	—	—	—	—	—	
BP	1875	—	—	—	—	—	—	—	
BP	1900	—	—	—	—	—	—	—	
BP	1925	—	—	—	—	—	—	—	
BP	1950	—	—	—	—	—	—	—	
BP	1975	—	—	—	—	—	—	—	
BP	2000	—	—	—	—	—	—	—	
BP	2025	—	—	—	—	—	—	—	
BP	2050	—	—	—	—	—	—	—	
BP	2075	—	—	—	—	—	—	—	
BP	2100	—	—	—	—	—	—	—	
BP	2125	—	—	—	—	—	—	—	
BP	2150	—	—	—	—	—	—	—	
BP	2175	—	—	—	—	—	—	—	
BP	2200	—	—	—	—	—	—	—	
BP	2225	—	—	—	—	—	—	—	
BP	2250	—	—	—	—	—	—	—	
BP	2275	—	—	—	—	—	—	—	
BP	2300	—	—	—	—	—	—	—	
BP	2325	—	—	—	—	—	—	—	
BP	2350	—	—	—	—	—	—	—	
BP	2375	—	—	—	—	—	—	—	
BP	2400	—	—	—	—	—	—	—	
BP	2425	—	—	—	—	—	—	—	
BP	2450	—	—	—	—	—	—	—	
BP	2475	—	—	—	—	—	—	—	
BP	2500	—	—	—	—	—	—	—	
BP	2525	—	—	—	—	—	—	—	
BP	2550	—	—	—	—	—	—	—	
BP	2575	—	—	—	—	—	—	—	
BP	2600	—	—	—	—	—	—	—	
BP	2625	—	—	—	—	—	—	—	
BP	2650	—	—	—	—	—	—	—	
BP	2675	—	—	—	—	—	—	—	
BP	2700	—	—	—	—	—	—	—	
BP	2725	—	—	—	—	—	—	—	
BP	2750	—	—	—	—	—	—	—	
BP	2775	—	—	—	—	—	—	—	
BP	2800	—	—	—	—	—	—	—	
BP	2825	—	—	—	—	—	—	—	
BP	2850	—	—	—	—	—	—	—	
BP	2875	—	—	—	—	—	—	—	
BP	2900	—	—	—	—	—	—	—	
BP	2925	—	—	—	—	—	—	—	
BP	2950	—	—	—	—	—	—	—	
BP	2975	—	—	—	—	—	—	—	
BP	3000	—	—	—	—	—	—	—	
BP	3025	—	—	—	—	—	—	—	
BP	3050	—	—	—	—	—	—	—	
BP	3075	—	—	—	—	—	—	—	
BP	3100	—	—	—	—	—	—	—	
BP	3125	—	—	—	—	—	—	—	
BP	3150	—	—	—	—	—	—	—	
BP	3175	—	—	—	—	—	—	—	
BP	3200	—	—	—	—	—	—	—	
BP	3225	—	—	—	—	—	—	—	
BP	3250	—	—	—	—	—	—	—	
BP	3275	—	—	—	—	—	—	—	
BP	3300	—	—	—	—	—	—	—	
BP	3325	—	—	—	—	—	—	—	
BP	3350	—	—	—	—	—	—	—	
BP	3375	—	—	—	—	—	—	—	
BP	3400	—	—	—	—	—	—	—	
BP	3425	—	—	—	—	—	—	—	
BP	3450	—	—	—	—	—	—	—	
BP	3475	—	—	—	—	—	—	—	
BP	3500	—	—	—	—	—	—	—	
BP	3525	—	—	—	—	—	—	—	
BP	3550	—	—	—	—	—	—	—	
BP	3575	—	—	—	—	—	—	—	
BP	3600	—	—	—	—	—	—	—	
BP	3625	—	—	—	—	—	—	—	
BP	3650	—	—	—	—	—	—	—	
BP	3675	—	—	—	—	—	—	—	
BP	3700	—	—	—	—	—	—	—	
BP	3725	—	—	—	—	—	—	—	
BP	3750	—	—	—	—	—	—	—	
BP	3775	—	—	—	—	—	—	—	
BP	3800	—	—	—	—	—	—	—	
BP	3825	—	—	—	—	—	—	—	
BP	3850	—	—	—	—	—	—	—	
BP	3875	—	—	—	—	—	—	—	
BP	3900	—	—	—	—	—	—	—	
BP	3925	—	—	—	—	—	—	—	
BP	3950	—	—	—	—	—	—	—	
BP	3975	—	—	—	—	—	—	—	
BP	4000	—	—	—	—	—	—	—	
BP	4025	—	—	—	—	—	—	—	
BP	4050	—	—	—	—	—	—	—	
BP	4075	—	—	—	—	—	—	—	
BP	4100	—	—	—	—	—	—	—	
BP	4125	—	—	—	—	—	—	—	
BP	4150	—	—	—	—	—	—	—	
BP	4175	—	—	—	—	—	—	—	
BP	4200	—	—	—	—	—	—	—	
BP	4225	—	—	—	—	—	—	—	
BP	4250	—	—	—	—	—	—	—	
BP	4275	—	—	—	—	—	—	—	
BP	4300	—	—	—	—	—	—	—	
BP	4325	—	—	—	—	—	—	—	
BP	4350	—	—	—	—	—	—	—	
BP	4375	—	—	—	—	—	—	—	
BP	4400	—	—	—	—	—	—	—	
BP	4425	—	—	—	—	—	—	—	
BP	4450	—	—	—	—	—	—	—	
BP	4475	—	—	—	—	—	—	—	
BP	4500	—	—	—	—	—	—	—	
BP	4525	—	—	—	—	—	—	—	
BP	4550	—	—	—	—	—	—	—	
BP	4575	—	—	—	—	—	—	—	
BP	4600	—	—	—	—	—	—	—	
BP	4625	—	—	—	—	—	—	—	
BP	4650	—	—	—	—	—	—	—	
BP	4675	—	—	—	—	—	—	—	
BP	4700	—	—	—	—	—	—	—	
BP	4725	—	—	—	—	—	—	—	
BP	4750	—	—	—	—	—	—	—	
BP	4775	—	—	—	—	—	—	—	
BP	4800	—	—	—	—	—	—	—	
BP	4825	—	—	—	—	—	—	—	
BP	4850	—	—	—	—	—	—	—	
BP	4875	—	—	—	—	—	—	—	
BP	4900	—	—	—	—	—	—	—	
BP	4925	—	—	—	—	—	—	—	
BP	4950	—	—	—	—	—	—	—	
BP	4975	—	—	—	—	—	—	—	
BP	5000	—	—	—	—	—	—	—	
BP	5025	—	—	—	—	—	—	—	
BP	5050	—	—	—	—	—	—	—	
BP	5075	—	—	—	—	—	—	—	
BP	5100	—	—	—	—	—	—	—	
BP	5125	—	—	—	—	—	—	—	
BP	5150	—	—	—	—	—	—	—	
BP	5175	—	—	—	—	—	—	—	
BP	5200	—	—	—	—	—	—	—	
BP	5225	—	—	—	—	—	—	—	
BP	5250	—	—	—	—	—	—	—	
BP	5275	—	—	—	—	—	—	—	
BP	5300	—	—	—	—	—	—	—</	



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## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

Five to Fifteen Years

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

Over Fifteen Years

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

Undated

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

INTERNATIONAL BANK

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

CANADIAN

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

BANKS AND HIRE PURCHASE

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

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1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## AMERICANS

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## BANKS &amp; HP-Continued

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## CHEMICALS, PLASTICS-Cont.

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## ENGINEERING-Continued

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## DRAPERY AND STORES

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## BEERS, WINES AND SPIRITS

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## BUILDING INDUSTRY, TIMBER AND ROADS

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## ELECTRICALS

1980	Low	High	Stock	Price	Yield	Div	Yield
91	91.00	91.00	Treasury 91-92	91.00	10.50	10.50	10.50
92	92.00	92.00	Treasury 92-93	92.00	10.50	10.50	10.50
93	93.00	93.00	Treasury 93-94	93.00	10.50	10.50	10.50
94	94.00	94.00	Treasury 94-95	94.00	10.50	10.50	10.50
95	95.00	95.00	Treasury 95-96	95.00	10.50	10.50	10.50

## FOOD, GROCERIES-Cont.

BANKS AND HIRE PURCHASE								
Low	Stock	Price	+ or -	Div. Net	Yld Grs	P/E		
02	ANZ SA1	215	-2	022c	3.7	5.2		
03	Alexanders Dr Et	195	+2	16.0	—	11.7		
97	Algemeine Fl 100	£57	—	025%	—	9.2	φ	
90	Allen Harvey Fl	300	+5	21.5	—	10.2		
08	Allied Irish	110	-2	h08.09	—	7.1		
		137						

**FINANCE LAND—Continued**

— *Journal of the American Medical Association*, 1997

[illegible]

— *Journal of the American Medical Association*, 1997

Stevens Corp., 200	224	+	Q108	7.5	4.5
De Prof. 800	87	+	Q99	17.7	7.5
East Coast Ld. Rk.	237	+	Q135	2.5	2.5
U. of. Invest. R15	50	+	Q82	1.8	5.5
Union Comm. 200	580	-	Q402	2.1	6.2
Veget. 200	125	-	Q106	1.9	7.3

## AMOND AND PLATINUM

Anglo Am. Int. 200	543	-	Q860	6	11.4
De Beers Bld. 200	400	-	Q727	6	10.2
Plat. 200	237	+	Q82	4	10.2
Int. Plat. 200	260	-	Q82	4	10.2
Int. Plat. 200	260	-	Q82	4	10.2
Plat. 200	235	+	Q410	1.9	7.1
Plat. 200	235	+	Q410	1.9	7.1

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## NEWS SUMMARY

### GENERAL

## Begin blow to Palestine hopes

Israeli Premier Menachem Begin marked the first anniversary of the Israeli-Egyptian peace treaty with a warning that he would never allow negotiations to lead to a Palestinian State. In Tel Aviv, it was reported that Defence Minister Ezer Weizman is threatening to resign over growing differences with Mr. Begin and that the Government might fall by autumn, Page 3

### Players defect

Seven members of Afghanistan's national soccer team, including the captain, have sought political asylum in West Germany.

### Pope for Africa

The Pope is to visit six African countries from May 2 to May 12. They are: Zaire, the Congo, Kenya, Ghana, Upper Volta, and the Ivory Coast.

### Kelly inquest

Forensic tests on truncheons, boots and torches of two policemen who arrested labourer James Kelly, failed to reveal they had beaten him, said Andrew Rankin, QC, for the chief constable of Merseyside, at the inquest into Kelly's death in police custody.

### Casino battle lost

The Playboys organisation lost the casino licence of the former Victoria Sporting Club in Edgware Road, London, when North Westminster Gaming Licensing Committee backed Gaming Board and police applications.

### Putting the shot

Vietnam has begun a physical training programme, including grenade-throwing, to mark the Moscow Olympics and the 90th anniversary of the birth of Ho Chi Minh.

### Briefly...

North Cumbria and parts of south Scotland were shaken by an earth tremor. Political journalist and author George Hutchinson died in London aged 59.

### BUSINESS

## Sterling firm; gold off \$33

STERLING closed 50 points up in trading at \$2,190 and its trade-weighted index was 72.9. DOLLAR eased and its index was 89.5 (89.7). GOLD fell \$33 in London to close at \$307.5.

EQUITIES were cautious, and the FT 30-share index rose 4.8 to 435.1. The Gold Mines index fell 11.1 to 304.4.

GLITS were again buoyed by Budget hopes and the Government Securities index advanced 0.21 to 64.61.

WALL STREET was up 10.50 at 778.33 before the close. IRANIAN oil exports have fallen to between 500,000 and 700,000 barrels a day in the past three weeks. Page 3

UK INDUSTRY is failing to compete seriously with its main rivals in trade with Eastern Europe, according to a London Chamber of Commerce and Industry review. Page 6

SOUTH AFRICA announced a strongly expansionary budget with extensive tax cuts, higher food subsidies and exchange control relaxations. Page 3

WHITE-COLLAR workers' increasing readiness to take strike action is shown in a Department of Employment survey. Page 9

EAGLE STAR Holdings pre-tax profits for 1979 rose by 26 per cent to \$54.5m, while net profits of Prudential Corporation advanced 10 per cent to \$45.6m. Legal and General Group's net surplus was up \$1m at \$15.9m. Page 27

APPLEYARD Group of Companies, the vehicle distributor, reports pre-tax profits for the year down from £1.95m to \$862,000. Support for BL Cars was a major factor behind the fall. Page 26

## Bank wins marathon action against builder

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

WILLIAMS AND GLYN'S Bank has won its marathon High Court action against Mr. Derek Barnes, former chairman and managing director of Northern Developments, the quoted house-building group which crashed in June, 1979.

The case raised complex questions about banks' duties and obligations to their customers and, if Williams and Glyn's had lost, the repercussions in banking circles would have been serious and far-reaching.

Mr. Justice Gibson ruled yesterday that the bank was entitled to repayment of £1.78m loans to Mr. Barnes and had been entitled to repayment on demand of money lent to Northern Developments on overdraft.

Mr. Barnes's counterclaim that the bank had been guilty

of negligence and breach of duty and contract both to him and his company, and was not entitled to repayment, was dismissed.

Most of the money lent had been to enable Mr. Barnes to buy additional shares in Northern Developments. He alleged that the bank had contributed to the company's collapse and so eroded the value of the shares which he had given as security for the loans.

The hearing had lasted 104 days and the costs have been unofficially estimated at £500,000. Yesterday the judge gave a 50-minute summary of his decision before handing down a seven-volume 200,000 word written judgment.

Mr. Justice Gibson rejected Mr. Barnes's argument that the bank had assumed the role of adviser to Northern, to which it had granted an overdraft facility of £8.5m, and was therefore liable to pay damages to the company for any losses it incurred.

The decisions taken by the bank in relation to the company had been sensible and reasonable at the time they had been made, he said. The bank could not have foreseen the troubles that were to arise in 1979, such as the Middle East War and the three-day week.

The judge observed that Northern had not, itself, seen fit to sue the bank and the bank had not been guilty of any breach of duty or contract to the company.

Mr. Barnes's contention that the bank had owed him a duty as a customer not to let him borrow money when it would be imprudent for him to do so was also rejected. Mr. Barnes had not asked Williams and Glyn's to advise him and the bank had not assumed any duty to do so, said the judge.

Williams and Glyn's was right in its contention that money lent was repayable on demand if there had been no agreement to postpone the right to repayment.

## Lever to speed steel inquiry

By Christian Tyler, Labour Editor

THE COMMITTEE of inquiry appointed by the British Steel Corporation and the trade unions to resolve the 13-week-old national steel strike, will hold public hearings over the weekend.

If the committee is able to give its verdict on steelworkers' pay early next week, the strike could be called off at Easter. But the principal unions in the dispute, the Iron and Steel Trades Confederation and the National Union of Blastfurnacemen, will not automatically accept the committee's findings, and intend to consult their negotiators about the findings.

The chairman of the committee is Lord Lever of Manchester, the Labour peer and former Cabinet Minister who was Mr. Harold Lever was financial adviser to both the Wilson and Callaghan governments.

Lord Lever, although credited with one of the best financial brains in the Labour Party, has not before been cited in an industrial relations dispute.

He will be assisted by Sir Richard Marsh representing the British Steel Corporation and Mr. Bill Keys representing the unions.

Sir Richard, also a former Labour Cabinet Minister and later chairman of British Rail, is chairman of the British Iron and Steel Consumers' Council and the Newspaper Publishers' Association.

Mr. Keys is general secretary of the Society of Graphical and Allied Trades and chairman of the TUC printing industries committee. A left-of-centre trade union leader, he is one of the union members of the committee of inquiry on the Labour Party constitution.

The steel inquiry is charged with "steering" the percentage pay increase for the 132,000 strikers, based on an already agreed charter of productivity concessions.

The BSC's final offer was a rise of 10 per cent at national level, with another 4 per cent at local level. The localised reductions in productivity improvements. The unions are demanding 14 per cent nationally and 5 per cent locally.

BSC starts redundancy payments Page 8

## TUC urges support for national day of action

BY CHRISTIAN TYLER, LABOUR EDITOR

TUC leaders yesterday called for a national stoppage of work on May 14, when most public transport and many manufacturing companies are likely to shut down.

It is intended as a political protest against Government economic and social strategies. Leaders of road and rail transport unions are to co-ordinate instructions to their members following guidance to all unions issued by the TUC general council.

National newspapers will not appear that Wednesday morning, because of a decision by print union SOGAT (Society of Graphical and Allied Trades) to shut out its Fleet Street members.

The general council stopped

short of declaring a general strike, the course urged by the National Union of Railwaysmen. However, union leaders made it plain after the meeting that they intended to do what they could to close Britain down for the day.

Emergency services will be maintained as trade union members organise rallies and marches in regional centres and lobby local councils and education.

Mr. Len Murray, TUC general secretary, said the purpose of the national stoppage was to challenge the Government's policies by encouraging workers to exercise their right to withdraw labour.

Mr. Murray was anxious to

avoid any impression that the TUC was working for the Government's downfall. "He said the proposed action was common in Holland, Belgium, France and Italy. 'We are a bit behind-hand in using this technique,' he said.

It was constitutionally correct for the TUC to instruct unions what to do. Instead, unions would be asked to endorse the maximum possible participation.

Yesterday's general council meeting was lobbied by steelworkers from plants including Consett, Co. Durham, and Llanwern and Port Talbot, South Wales, which face the largest loss of jobs from the British Steel Corporation's retrenchment plan.

## Kennedy back in presidential race

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

SENATOR Edward Kennedy's faltering campaign for the Democratic Party's Presidential nomination was overflying with optimism yesterday. This followed two unexpectedly decisive victories over President Carter in Tuesday's primaries in New York and Connecticut.

In both States Mr. Kennedy exploited growing discontent with President Carter's record in domestic and foreign policy. He carried New York by 59 per cent to 41 per cent, picking 118 of the 123 available delegates to 47 to 56 per cent in the popular vote and by 29 to 25 in the apportionment of delegates.

This still leaves the President with a big lead in the race to secure the 1,866 delegates needed to win the nomination. Precise counts differ because in some States the selection process is not complete, but Mr. Carter is generally reckoned to have won about 750 delegates compared with only 400 or so for the senator.

On the Republican side, Mr. Ronald Reagan, the front runner, also lost a primary on Tuesday. It was in Connecticut

and to the nation son, Mr. George Bush.

Mr. Bush received 39 per cent of the vote. Mr. Reagan 34 per cent, and Congressman John Anderson 22 per cent, with delegates being split 15 to 14 to six respectively. This narrow defeat for Mr. Reagan was more than overshadowed by his success in New York.

In the second largest State there was no Republican preference primary, only a blind poll to select delegates. But Mr. Reagan appears to have won at least 90 of the 123 available delegates to 56 to 44 per cent, and only one for Mr. Anderson.

With 998 needed for the nomination, Mr. Reagan now has 314 assured delegates, compared with 68 for Mr. Bush and 47 for Mr. Anderson.

Both the Kennedy and Carter camps agreed on the reasons why the senator won the two primaries, which broke a long series of defeats at the hands of the President, interrupted only in Massachusetts, his home State, earlier this month.

Mr. Kennedy said the voters had sent a clear and powerful message not only to Washington but across the country that they can no longer afford an inflation

rate of 18 per cent and interest rates that match.

Mr. Jody Powell, presidential Press secretary, ascribed the results to "Murphy's law—if anything can go wrong, it will."

He cited the U.S. vote against Israel in the United Nations (which enabled Mr. Kennedy to sweep New York's heavy Jewish vote by more than 3-1), the uncertainties over the fate of the U.S. hostages in Tehran as a result of the movement of the deposed Shah to Egypt, and a host of bad economic news.

Mr. Robert Strauss, Mr. Carter's canny campaign manager, bluntly stated that these problems "all rolled together in the last few days."

But he said, the twin setbacks only represented "a dip in the road" to the nomination and that the President was still the clear favourite.

It was apparent that many of the undecided voters, weighed down by disturbing economic and foreign developments, switched in the last few days to the Senator. This outweighed burdens he has carried until now, particularly Chappaquiddick and the perceived that his liberalism was outdated.

Kennedy's message, Page 4

## Union leaders call for BL Cars strike

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS union leaders yesterday called for an all-out strike of the 35,000 manual workers against the company's decision to impose a 5 per cent pay increase linked to changed working conditions.

The strike is planned to start on April 8, the date chosen by BL to implement the package after the breakdown of five months' negotiations.

Mr. Grenville Hawley, Transport and General Workers' Union, national automotive secretary, said: "We have always hoped there would not be a strike. Now we are not running away from it any more."

He was confident the executives of the 11 manual unions in BL Cars would endorse the call.

But union leaders will inevitably be looking for a way out of confrontation. They realise this would be likely to mean the end of the cars division in its present form.

Mr. Hawley said there had been 11th-hour moves in the past. There was still hope of BL

withdrawing its proposals. Workers rejected the pay package in a secret ballot by a three to two majority. Senior shop stewards have already given negotiators a mandate for a strike.

Until yesterday, negotiators had been reluctant to take militant action for fear of the consequences. BL's poor sales performance has caused extensive lay-offs.

Their decision to take action caused some surprise. A key factor influencing it was the threat of disciplinary action against workers resisting the proposed new working practices.

Mr. Hawley said: "We are prepared to call the bluff this time of Sir Michael Edwards, the BL chairman."

Union leaders have found it difficult to get shop-floor support for strike action, against the company's troubled background. Shop stewards at Jaguar, Coventry, gained a majority of only 69 from the 4,000-strong workforce at a strike from Monday.

## Giscard urges package deal on EEC issues

By David White in Paris

PRESIDENT Valéry Giscard d'Estaing yesterday repeated France's view that the row over Britain's EEC budget contribution can be settled only in a package agreement including other Community issues.

Mr. Giscard said the postponement of the EEC summit, originally due next week, should be used for "careful preparation" for the meeting.

The questions France is seeking to link to the budget issues are essentially those of agricultural prices and—in the French view, less difficult to solve—that of the "sheep war." Official sources made clear that France was not seeking to bring in other questions such as fishing or access to Britain's North Sea oil.

John Wyles adds from Brussels: EEC governments still cannot agree on new dates for the postponed heads of government meeting, despite fresh diplomatic efforts.

Moreover, it now seems that if the summit does take place next month its venue may well be switched from Brussels, the original site, to Luxembourg.

## Weather

UK TODAY

CLOUDY, occasional rain, some sunshine. Windy, temperatures near normal in S. England, London, S.E. England, E. Anglia, Midlands and E. Midlands.

Occasional rain, sunny intervals. Strong winds. S.E. and S.W. England, W. Midlands, Channel Isles, S. Wales.

Cloudy, showers, sunny intervals, rain later. S.E. and S.W. England, W. Midlands, Channel Isles, S. Wales.

Cloudy, showers, sunny intervals, rain later. S.E. and S.W. England, W. Midlands, Channel Isles, S. Wales.

Sunny intervals. Scattered showers. Cold. Max. 7C (45F). Outlook: Unsettled. Showers, occasionally wintry in North.

WORLDWIDE

	Y'day	Today	Y'day
Algeria	15	58	10
Amman	17	62	10
Antwerp	17	62	10
Bahrain	25	77	10
Batavia	16	61	10
Bombay	16	61	10
Buenos Aires	16	61	10
Calcutta	16	61	10
Cairo	16	61	10
Cardiff	16	61	10
Cebu	16	61	10
Colon	16	61	10
Dublin	16	61	10
Edinburgh	16	61	10
Hong Kong	16	61	10
London	16	61	10
Lyons	16	61	10
Manila	16	61	10
Medan	16	61	10
Perth	16	61	10
Rangoon	16	61	10
Seoul	16	61	10
Singapore	16	61	10
Sourabaya	16	61	10
Taipei	16	61	10
Tokyo	16	61	10
Yokohama	16	61	10

## The medium term is the message

Index rose 4.8 to 435.1

This was a sober Budget with nothing in the way of flashy short-term incentives to please the financial markets. To this extent the initial reaction is likely to be one of mild disappointment for gilt-edged, where a public sector borrowing requirement of £8.5bn had been fully anticipated, and of rather greater apprehension in equities.

The biggest innovation is the appearance, at last, of the celebrated medium-term fiscal and monetary framework, which sets out the rate of shrinkage of the PSBR from 84 per cent of GDP in 1978-79 to 14 per cent in 1983-84. In the coming financial year, as part of this trend, this proportion should fall by a point to 34 per cent. Meanwhile the central target for money supply growth is reaffirmed at 9 per cent for 1980-81, and is due to decline to 6 per cent over three years.

### Starting point

It is unfortunate, however, that the Chancellor is embarking on this period of signposted monetary discipline by shifting his starting point. He is using the February 1980 figures as his new base, and in the process is raising his central target by 24 to 3 percentage points. It is true that Sir Geoffrey made a mistake last June in not allowing for the impact of this sharp rise in VAT on the money supply. Also, in abolishing the "corset" from June (although the banks will in practice ignore it almost immediately), he needs to allow headroom for the percolation of artificially displaced banking sector liabilities back into the categories which make up sterling M3. This might add 2 per cent to sterling M3 over a period. So the Chancellor has some excuses, but it goes to show how hard it is likely to be to keep on a medium-term track.

But it would be wrong to quibble too much about the medium-term framework, which if it is adhered to will certainly bring about fundamental shifts in inflationary expectations and in the structure of the capital markets. The implication is that even in the coming year the volume of gilt-edged and other National Debt sales is likely to fall, especially in relation to the cash flows of the

investment institutions and the personal sector. By 1980-84 debt sales would be minimal, releasing huge savings flows for industrial and overseas investment.

Plainly this medium-term message is highly bullish. The problem, as ever, remains one of transitional credibility. Whatever the medium-term inflation prospects, the short-term Treasury forecast is for a 13 1/2 per cent rise in prices over the next year, which in itself does not make a 14 1/2 per cent yield on gilt-edged any great bargain.

The big unknown factor is how industry is going to survive this period of transition. Sir Geoffrey's message in this regard was bleak and uncompromising: industry must cure its own problems. For the moment, North Sea oil revenues are going to be used to reduce the public sector deficit and will not be passed on, perhaps through a lower National Insurance surcharge, to help the company sector deficit. On the other hand, this does bring nearer the possibility of lower interest rates, which — aside from crumbs like the deferment of stock appreciation clawback — is all that the Chancellor has to offer.

### Positive aspect

This, in fact, is the positive side of a grim economic forecast, with GDP estimated to fall by 24 per cent in 1980. Combined with the inflation forecast, it looks as though an unchanged money growth target will be compatible with significantly lower interest rates than in the past year, when money GDP has been racing so far above the monetary target levels.

Among the sectors affected by detailed proposals, the clearing banks must feel they have had a narrow escape over the mooted windfall tax, especially as the leasing restrictions brought in as a substitute will barely touch them. Lessee demand will be somewhat reduced, although it is still on an underlying rising trend. Against this the competition

from private individuals, which the banks found highly irritating, has been all but eliminated. There is cold comfort for the industrial sector in the stock relief concession, since the £10m the Government forgoes by this measure reflects a forecast of savage destocking, given the cushion of current rates of inflation. In fact the overall corporation tax yield will barely change in money terms, despite buoyancy in gilt profits.

Among the series of modest tax changes affecting the securities markets, the changed treatment of traded options is likely to have the clearest effect. Up to now the options market has been languishing with about 500 transactions a day, against the 800 the jobbers say they need to break even. With the "anomalous" treatment of options as a wasting asset eliminated, the market is likely to improve dramatically. The number of companies traded should increase from 12 to 30 within 18 months while put options may be induced to make dealing more attractive in a falling market. One question mark remains, however, in whether pension funds will have exempt status for capital gains tax when dealing in options. If clarification of the legislation applies tax to the pension funds, the potential of the traded options market could be circumscribed.

### Higher threshold

Hopes of a major initiative to attract small investors back into the stock market have proven ill-founded, and the relaxations in the profit-sharing scheme will not bring more than a modest increase in investment. On the other hand, the higher capital gains tax threshold may open the way to sales by personal investors who, it is widely thought, have in many cases been waiting for a concession here.

For equities, the uncertainties of a weak corporate sector remain the dominant factor. The gilt-edged market will gain some comfort from the cautious nature of the budgeting — no assumptions about EEC concessions, for instance — but with two largeish taps overhanging the market it is questionable whether a big demand will develop immediately.

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